



Greater Sekhukhune District Municipality

Annual Report for 2009/2010

Table of Contents

Chapter 1: Introduction and Overview	9
1. THE CONTEXT- GREATER SEKHUKHUNE DISTRICT MUNICIPALITY AND ITS COUNCIL	9
1.1 Foreword by the Executive Mayor	9
1.2 Municipal Manager's Statement.....	12
1.3 The District Area	14
1.4 Our Communities- The District Profile	15
1.2.1 Socio-Economic Profile	20
1.5 Municipal Governance	27
1.5.1 The District Council.....	27
1.5.2 The Mayoral Committee	28
1.5.3 The Portfolio Committees.....	28
1.5.4 The New Governance Structure (Separation of Powers) 2010/2011.....	33
Chapter 2: Performance Highlights	34
2.1 PERFORMANCE MANAGEMENT	34
2.2 SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT.....	35
2.2.1 WATER AND SANITATION	35
2.2.1.1 What has Water Services achieved in 2009/2010	37
2.2.1.2 What challenges did Water Services facing in fulfilling performance expectations for the 2009/2010.....	38
2.2.1.3 What does Water Services plan to do next (2010/2011)	39
2.2.2 TECHNICAL SERVICES.....	40
2.2.2.1 What has Technical Services achieved in 2009/2010.....	41
2.2.2.2 What challenges did Water Services faced in fulfilling performance expectations for the 2009/2010.....	42
2.2.2.3 What does Technical Services plan to do next (2010/2011)	42
2.2.3 Electricity	43
2.2.4 Roads and Storm Water Drainage.....	44
2.2.5 Free Basic Services (Free Basic Water {FBW} and Free Basic Electricity {FBE}).	46
2.2.6 Extended Public Works Programme.....	48
2.2.6.1 Job opportunities	48
2.2.6.2 Training opportunities.....	49

2.2.7	Project Management Unit	50
2.2.8	Summary of Service Delivery backlogs.....	51
2.3	COMMUNITY SERVICES	52
2.3.1	Introduction	52
2.3.2	What has Community Services achieved in 2009/2010	53
2.3.3	What has Community Services not achieved in the 2009/2010	60
2.3.4	What does Community Services plan do next (2010/2011)	61
2.4	PLANNING AND ECONOMIC DEVELOPMENT	63
2.4.1	Introduction	63
2.4.2	What has Planning and Economic Development achieved in 2009/2010	64
2.4.3	What has Planning and Economic Department not achieved in 2009/2010	69
2.4.4	What does Planning and Economic plan to do next (2010/2011)	70
2.5	FINANCIAL PERFORMANCE FOR 2009/2010	71
Chapter 3:	Human Resources.....	72
3.1	ORGANISATIONAL STRUCTURE.....	72
3.2	OFFICE OF THE EXECUTIVE MAYOR.....	73
3.3	OFFICE OF MUNICIPAL MANAGER	74
3.4	HUMAN RESOURCES	75
3.4.1	Staffing Information	76
3.4.2	Human Resources Profile.....	78
Chapter 4:	Functional Service Delivery Areas	89
4.1	Introduction.....	89
4.2	Conclusion.....	232
Part 2:	FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION	233
Chapter 5:	Financial Statements	234
5.1	General Information	234
5.2	Accounting Officer's Responsibilities and Approval	237
5.3	Accounting Officer's Report	238
5.4	Statement of Financial Position.....	239
5.5	Statement of Financial Performance	240
5.6	Statement of Changes in Net Assets	241

5.7	Cash Flow Statement.....	242
5.8	Accounting Policies.....	243
5.9	Notes to the Annual Financial Statements.....	271
5.9.1	Appendix A: Schedule of External Loans as at 30 June 2010.....	311
5.9.2	Appendix B: Analysis of Property, Plant and equipment as at 30 June 2010.....	P315
5.9.3	Appendix C: Segmental Analysis of property, plant and equipment as at 30 June 2010	P325
5.9.4	Appendix D: Segmental Statement of Financial Performance for the year ended.....	P330
5.9.5	Appendix E(1): Actual Versus Budget (Revenue and Expenditure).....	P335
5.9.6	Appendix F: Disclosure of Grants and bursaries in terms of Municipal Finance Management Act	P339
5.10	Assessment of arrears of Performance against measurable Performance Objectives for Revenue Collection	
5.11	Auditor Generals Report	
5.12	Action Plan on Auditor General's findings	
5.13	Audit Committee's Annual Report for the year 2009/10	
5.14	Action Plan on Audit Committee's findings for the Annual Report for the 2009/10 financial year	

List of Tables

Table 1: Number of wards and villages	15
Table 2: Population breakdown per LM	15
Table 3: Households (HHs) per LM.....	16
Table 4: Age and gender profile	16
Table 5: Ranking of Sekhukhune District's performance in SA: Deprivation index scores for DMs/Metros (2001)	18
Table 6: Deprivation index for LMs within Sekhukhune District.....	20
Table 7: Political party representation in the Council.....	27
Table 8: Portfolio Committees.....	29
Table 9: Council Committees	32
Table 9: Households connected to electricity grid in different municipalities	43
Table 10: Roads Construction.....	45
Table 11: HHs with access to FBW	46
Table 12: HHs with access to FBE.....	47
Table 13: Employment opportunities in the District' Capital Projects.....	49
Table 14: Sources of Capital Funding for 2010/2011	50
Table 15: List of GSDM Funded Projects.....	66
Table 16: Staff information.....	76
Table 17: Occupational levels.....	79
Table 19: External Bursaries.....	81
Table 16: SDBIP of the Department of Technical Services.....	90
Table 17: SDBIP of the Department of Water Services	116
Table 18: SDBIP of the Department of Community Services	134
Table 19: SDBIP of the Department of Administration	148
Table 20: SDBIP of the Treasury and Budget.....	158
Table 21: SDBIP of the HUMAN RESOURCES DEPARTMENT	172
Table 22: SDBIP of the Strategic Management Department.....	179
Table 23: SDBIP of the Executive Mayor's Office	192
Table 24: SDBIP of the Internal Audit Department.....	209
Table 29: SDBIP of the Planning and Economic Development	216

Glossary of Terms

AIDS: Acquired Immune Deficiency Syndrome

BBBEE: Broad Based Black Economic Empowerment

BIG: Bulk Infrastructure Grant

CBD: Central Business District

CFO: Chief Financial Officer

COID: Compensation for Occupational Injuries and Diseases

CRR: Capital Replacement Reserve

DBSA: Development Bank of South Africa

DCF: District Government Communicators' Forum of Sekhukhune District Municipality

DLGH: Department of Local Government and Housing

DoA: Department of Agriculture

DWAF: Department of Water Affairs and Forestry

EAP: Employee Wellness Programme

EHP: Environmental Health Practitioners

EPWP: Extended Publics Works Programme

FBE: Free Basic Electricity

FBW: Free Basic Water

FIVIMS: Food in Security and Vulnerability Information Mapping System

GAMAP: Generally Accepted Municipal Accounting Practice

GDP: Gross Domestic Product

GGP: Gross Geographic Product

GIS: Geographic Information System

GRAP: Generally Recognised Accounting Practice

GSDM: Greater Sekhukhune District Municipality

HDF: Housing Development Fund

HIV: Human Immunodeficiency Virus

IAS: International Accounting Standards

IDP: Integrated Development Plan

IGR: Inter-Governmental Forum-

IMFO: Institute of Municipal Finance Officers

IPSAS: International Public Sector Accounting Standards

ISRDS: Integrated Sustainable Rural Development Strategy

LUMS: Land Use Management Systems

MEC: Member of the Executive Council

ME's: Municipal Entities

MFMA: Municipal Finance Management Act

MIG: Municipal Infrastructure Grant (Previously CMIP)

MinMec: Ministerial and Members of the Executive

MMC: Member of the Mayoral Committee

MoU: Memorandum of Understanding

OHS&S: Occupational Health and Safety

PGMs: Platinum Group Metals

PHC: Primary Health Care

PTO: Permission to Occupy

RDP: Reconstruction and Development Programme

RWTW: Regional Water Treatment Works

SA GAAP: South African Statements of Generally Accepted Accounting Practice

SALGA: South African Local Government Association

SCM: Supply Chain Management

SDA: Sekhukhune Development Agency

SDP: Spatial Development Framework

SEDC: South East District Council of Botswana

SMMEs: Small Medium and Micro-Enterprises

SOPs: Standard Operational Procedures

STI: Sexually Transmitted Infection

WSA: Water Services Authority

WWTW: Waste Water Treatment Works

DRAFT

Chapter 1: Introduction and Overview

1. THE CONTEXT- GREATER SEKHUKHUNE DISTRICT MUNICIPALITY AND ITS COUNCIL

1.1 Foreword by the Executive Mayor

The hosting of the 2010 FIFA World Cup presented the Greater Sekhukhune District Municipality with historic opportunity to rally our communities behind the Country's efforts to host the most important sporting event in the world. The District in partnership with local municipalities televised 8 world cup matches in a number of PVAs during the world cup period. A total of **22000** people watched the 2010 FIFA World Cup games hosted in the PVAs at Hlogotlou and Ntwampe Sport Center in the District.

The 2009/2010 Annual Report provides the municipal organisation with a reasonable dipstick to gauge the amount of progress made towards the realisation of a *better life for all*. In 2006, we committed to accelerating service delivery through the provision of water, sanitation and electricity. To this end, Sekhukhune District Municipality has provided water to **9380** households and connected **6 168** households to sanitation services. These figures bear testimony to our resolve to progressively reduce service deliver backlogs. In the year under review, the District municipality has invested a total of **R 85 818 832 (52 168 832 and 33 650 00)** of capital expenditure on water and sanitation projects in a various municipalities in the District area.

In the 2009/2010 financial year, the District municipality spent a total of **R129 891 036** of capital expenditure on electrification projects. This resulted in the connection of **12346** households to the electricity grid.

The spending on electrification during the year under review marks almost 600% increase compared to the **R22 million** spent in the previous financial year (2008/2009). The 2009/2010 spending in the electrification projects further signifies the District municipality's commitment to accelerate access to electricity by residents and local communities in an effort to improve the quality of life for our people.

In 2009/2010 we spent **R116 million** for roads construction. This led to the following achievements:

- **65, 89** kilometres of paved roads in Fetakgomo municipal roads.
- **176** kilometres of District roads upgraded from unpaved to paved.
- **1,122** kilometres of District roads were re-gravelled.

While 2009/2010 has seen an improvement in service delivery, the unfavourable findings by the Auditor General remain a disappointment in the management of the District municipality's financial affairs. We are committed to improve the audit findings in the 2010/2011.

In 2006 we emphasised the importance of the voice of the people through the deepening of local democracy. In this regard, the District municipality has conducted Izimbizo as part of the public consultation. Throughout these

Izimbizo, communities were afforded the opportunity to identify their needs and development priorities.

As part of the people's contract to create work and fight poverty, we have created **1061** job opportunities in 2009/2010. While there are indications that we will not halve poverty by 2014, concrete plans are afoot to significantly reduce unemployment and in the District area.

We have strived to make local government work better and accountable through the separation of powers between the Legislature and the Executive. This process led to increased oversight and scrutiny in the municipal Council.

We are confident that the last year (2010/2011) of the current political term will see the acceleration of service delivery in the Sekhukhune District area.

Cllr. M.D. Magabe

Executive Mayor

1.2 Municipal Manager's Statement

We are pleased to present the 2009/2010 Annual Report of the Sekhukhune District Municipality to citizens, social partners and government. The annual report provides an overview of the district municipality's performance over the 2009/2010 financial year. In the report we highlight the areas of achievement as well as challenges that we came across in our mission to provide a better life for all the citizens of the Greater Sekhukhune District.

The administration team is poised and fully aware of the needs of the citizens of the District Municipality. In order to ensure effective implementation of the Sekhukhune District Municipality's vision and inspire a culture of accountability and to accelerate service delivery, the District municipality has reviewed its Performance Management Policy to integrate its strategic direction into the performance management process. This has allowed for better alignment between budget implementation and service delivery. Moreover, the review of the performance management policy and system was aimed at continuously maximising performance and achieving national and provincial priorities as aptly resonated in the millennium developmental goals (MDGs) which are:

- To eradicate extreme poverty.
- To achieve universal primary education.
- To promote gender equality and empower women.
- To reduce child mortality.
- To improve maternal health.
- To combat HIV/Aids, malaria and other diseases.
- To ensure environmental sustainability.
- To develop a global partnership for development.

The GSDM continued to improve its internal capacity through a number of skills development programmes aimed equipping the staff and councillors with capacity to respectively implement the municipal strategic plan and provide sufficient direction.

Despite significant institutional improvements, the District municipality is still faced by serious audit queries. We are however, confident that the plans have been developed to see radical improvements on the Audit Opinion in the 2010/2011 financial.

In conclusion I would like to thank the management team and the entire administration for commitment and contribution over the financial year. I would also like to express gratitude to the Executive Mayor and Councillors for their leadership and support in working towards achieving the objectives of the District Municipality.

Ms. M. Ntshudisane

Acting Municipal Manager

1.3 The District Area

The District is made up of 5 local municipalities (LMs) – Elias Motsoaledi Local Municipality (formerly Groblersdal Local Municipality), Fetakgomo Local Municipality, Greater Marble Hall Local Municipality, Greater Tubatse Local Municipality and Makhuduthamaga Local Municipality. All these local municipalities constitute Greater Sekhukhune District Municipality (GSDM), which is a Category C municipality established in December 2000. The District was a cross-border municipality, straddling the Limpopo and Mpumalanga provinces until early 2006. The entire district now falls in Limpopo Province found in the northern part of South Africa.

The District which lies in the south-eastern part of the province covers an area of approximately 13 264 square kilometres, most of which is rural with almost 605 villages, which are generally sparsely populated and dispersed throughout the District. It is estimated that only 5% of the Sekhukhune population live in urban areas.

The District municipality consists of 116 wards which are broken down per local municipality as follows:

Table 1: Number of wards and villages

Local Municipality	Number of Wards	Number of Villages
Elias Motsoaledi	29	104
Fetakgomo	13	87
Greater Marble Hall	14	69
Greater Tubatse	29	202
Makhuduthamaga	31	143
GSDM	116	605

1.4 Our Communities- The District Profile

The Sekhukhune population is estimated at 1,090,424. The most populous local municipalities are Tubatse, Makhuduthamaga and Elias Motsoaledi (District's Water Services Development Plan, 2005).

Table 2: Population breakdown per LM

Municipal	Population
Fetakgomo	112, 232
Elias Motsoaledi	247, 488
Makhuduthamaga	262, 726
Marble Hall	124, 510
Tubatse	343, 468
GSDM	1, 090, 424

(Source: Statistics SA, Community Survey, 2007)

The NSDP calculations place Sekhukhune in the top 20 most populous Districts/Metros in South Africa (in 15th position). The NSDP also declares that the District hosts 2, 16% of the total South African population (The Presidency, 2006).

The Sekhukhune population is divided into a number of households. Table 3, illustrates the division of households per local municipality.

Table 3: Households (HHs) per LM

Municipality	2001	2005	2007
Fetakgomo	118, 789	20, 040	21, 851
Elias Motsoaledi	45, 478	51, 518	46, 840
Makhuduthamaga	54,478	51,518	53, 654
Marble Hall	24, 189	27, 940	28, 215
Tubatse	53, 850	60, 435	66, 611
TOTAL	204, 744	216, 921	217, 172

(Source: Statistics SA, Community Survey, 2007)

Table 4: Age and gender profile

Municipality	Age Group	Male	Female	Total
Fetakgomo	0-17	22,196	23,060	45,996
	18-64	15,816	23,996	39,812
	65+	1,951	4,322	6,273
	TOTAL	40,684	51,398	92,081
Elias Motsoaledi	0-17	53,444	54,172	107,616

Municipality	Age Group	Male	Female	Total
	18-64	40,684	51,398	92,081
	65+	4,422	9,085	13,506
	TOTAL	98,729	122,009	220,738
Makhuduthamaga	0-17	66,600	67,468	134,068
	18-64	41,816	69,246	111,062
	65+	5,601	12,179	17,779
	TOTAL	114,017	148,892	262,909
Marble Hall	0-17	28,894	28,777	57,670
	18-64	24,353	32,061	56,414
	65+	2,534	4,701	7,236
	TOTAL	55,780	65,539	121,320
Tubatse	0-17	67,895	68,990	136,885
	18-64	49,252	70,351	119,603
	65+	4,182	9,446	13,627
	TOTAL	121,329	148,787	270,116
GSDM	0-17	239,750	242,486	482,236
	18-64	172,101	254,406	426,507
	65+	18,689	39,733	58,422
	TOTAL	430,540	536,625	967,165

(Source: Statistics SA, Community Survey, 2007)

The deprivation index is a commonly-accepted standard used to measure (and compare) social and economic deprivation across districts and metros in South Africa. The index is the composite of a number of variables, including the

number of female-headed houses in an area, education levels, access to services, employment status and so forth (P Barron et al, 2006).

District municipalities with lower deprivation index scores are the least deprived (i.e. best-off). Conversely, areas with higher scores are more deprived.

A recent study ranked all South African municipalities according to levels of deprivation. The table below provides the deprivation index scores of selected districts/metros in South Africa. The last column also provides its ranking (1 indicates the most deprived areas and 5 indicates the least deprived areas).

Table 5: Ranking of Sekhukhune District's performance in SA: Deprivation index scores for DMs/Metros (2001)

Province	DM/Metro	Deprivation Index	Ranking (1-5)
7 least deprived DMs/metros in SA			
Western Cape	West Coast DM	1,834	5
Western Cape	Overberg DM	1,903	5
Western Cape	Cape Winelands DM	1,926	5
Western Cape	Eden DM	2,024	5
Western Cape	Central Karoo DM	2,029	5
Northern Cape	Namakwa DM	2,042	5
Western Cape	City of Cape Town	2,059	5
7 most deprived DMs/metros in SA			

Kwazulu Natal	Sisonke DM	3,645	1
Limpopo	Greater Sekhukhune DM	3,723	1
Kwazulu Natal	Zululand DM	3,803	1
Kwazulu Natal	Umkhanyakude DM	3,969	1
Kwazulu Natal	Umzinyathi DM	3,970	1
Eastern Cape	Alfred Nzo DM	3,991	1
Eastern Cape	OR Tambo DM	4,076	1

(Source: Adapted from Barron, P et al (2006). The District Health Barometer: 2005/06.)

The GSDM ranks amongst the seven most deprived districts/metros in the country. This is possibly because of the way this particular index has been constructed (by, for example, using the number of female-headed households as a measure). However, the assessment above is also borne out by recent NSDP analyses, which place Sekhukhune as 10th in the list of Districts/Metros who have the highest number of people living below the MLL, an important measure of poverty.

Table 6: Deprivation index for LMs within Sekhukhune District

Municipality	Deprivation Index	Ranking (1-5)
Makhuduthamaga	3,858	1
Fetakgomo	3,839	1
Tubatse	3,766	1
Elias Motsoaledi	3,602	2
Marble Hall	3,469	2
GSDM	3, 723	1

(Source: Adapted from Barron, P et al (2006). The District Health Barometer)

The GSDM has one major national road within it (the N11), as well as several provincial arterial routes including the R25, R33, R36, R37, R555, R573 and R579. There are also a limited number of tarred minor roads, such as those leading into Jane Furse. The remainder of the roads in Sekhukhune, however, is largely gravel roads that serve to connect the rural areas within the District.

1.2.1 Socio-Economic Profile

The delivery of water (and sanitation) to RDP standards remains a challenge in the area. However, in the first five years of the GSDM's existence, the total number of households without access to clean water dropped from 35.9% to 17.5%. The overall reduction in the number of households receiving water below prescribed minimum standard is 46.415 households (24% of households in 2001).

The number of households who receive water at minimum standard of service and above has increased by an impressive 66.084 households (30% of households in 2004).

Only 57.1% of households have access to piped water. This makes GSDM to be one of the 9 worst accesses to piped water district municipalities in South Africa.

More than 75% of households in the area are solely reliant on groundwater.

79% of households in the District municipality are classified as poor or indigent. This qualifies them to receive free basic water. The District Council is required to find ways of assisting indigent households to access free basic water.

Sanitation services remain a key impediment to development efforts of improving the quality of life for residents and communities in the GSDM. Of the 222,570 households in the District municipality, only 2% (5,094) have access to sanitation services above RDP standards.

An average of 74.12% of households resides in formalised structures on separate stands. 15% of houses are made of traditional huts. The largest number of informal and shack dwellings (44.5%) are found in Makhuduthamaga due to Jan Furse's make-up of an urban conurbation.

The total housing backlogs reported in the 5 LMs stands at 33,887.

Between 2000 and 2005, a total of 19,319 Sekhukhune households were provided with electricity – an exercise that cost roughly R57 million. The electricity backlog is currently estimated at approximately 58,000 households. A significant portion (43%) of the electricity connections backlogs are in the Greater Tubatse Local Municipality.

High levels of poverty and unemployment continue to undermine development efforts and interventions to increase the quality of life of residents and communities. The high incidence of poverty and unemployment is evidenced by the number of people (33.21%) who depend on various grants for their social well-being. Of the 33.21%, 22.71% receive child support grant. The percentage of child grants demonstrates the vulnerabilities of children and their mothers to poverty and other social ills.

Of the number people relying on grants for their well-being, 7.33% receive old age grant. The old grant is currently a key security net of survival in rural areas. Some households are sole dependent on the old age grants for their livelihood.

2.02% received disability grant, 0.46 receive care dependency grant, 0.12% receive multiple social grants, 0.1% grant in aid and 0.02% receive foster care grant. The District municipality and its LMs would strive to ensure that all deserving cases are registered and benefit from the grants.

Education is important for both economic and social development. It is the bedrock on which a nation's economic destiny is built, particularly in today's global knowledge economy. It is also often the primary means through which

individuals set out on their personal journeys of growth and attain their distinctive dreams and aspirations. International evidence suggests that countries that invest significantly in education reap major economic benefits in the medium to long term, and help build a more cohesive social fabric within the nation.

The percentage (42.64%) of the population in Sekhukhune older than 20 years of age with no schooling is the highest in both Limpopo and Mpumalanga provinces. That figure is also more than twice that of the South African population.

The District municipality has a relatively high illiteracy level, with almost 28% of the population having no formal school education whatsoever. Only around 1% of the population has obtained tertiary educational qualifications.

The District municipality is generally rural and afflicted with high-levels of poverty. In 2003, the unemployment rate at 69, 4% was one of the highest in Limpopo (GSDM IDP, 2009/2010).

Health services are critical in nurturing human development and tend to have important economic spinoffs as well. Countries that have invested significantly in primary health care (PHC), in particular, generally produce a healthier, and therefore more productive, workforce. There is also significant international evidence to illustrate that early investments in PHC result in less strain on the health budget (and, consequently, on social spending) in later years. This is an important debate for municipalities which are now largely responsible for PHC in South Africa.

Within Limpopo Province, the provision of health facilities is generally inadequate in comparison with other provinces. More specifically, access to health facilities within Sekhukhune District Municipality itself is fairly poor. On average, there is 1 clinic for every 17,000 people within the district and approximately 97,500 people per hospital.

The Sekhukhune District has two regional hospital, 6 District hospitals, 6 community health centres and 76 clinics. All these facilities are public-sector services, as there are no private facilities in the District municipality. Only R115 per person is spent on non-hospital PHC services compared to the national value of R232. This spending ranks GSDM to 53rd in the country.

The most obvious point of concern is the low levels of spending on PHC in a District municipality that is predominantly rural and has high levels of poverty.

The nevirapine uptake rate among newborn babies of HIV positive women is also quite low in Sekhukhune, compared to the rest of the country. The PHC utilisation rate is also comparatively low at 1, 5 visits per person annually (compared to the national average of 2, 1 visits).

23 villages in the District municipality are exposed to food insecurity. Food insecurity occurs when people are under-nourished, a state that usually arises when their food intake falls below their minimum calorie (energy) requirements. Under-nourishment can be the result of several factors, including the physical unavailability of food (e.g. during a drought) or an inability to purchase food because of financial constraints.

In 2006, researchers interviewed 500 carefully-targeted households in Sekhukhune. They emerged with the following findings for the District municipality:

- 53% of Sekhukhune residents skip meals because of a lack of food.
- More than 50% of Sekhukhune children eat less than they need to because of a shortage of food 36% of children in Sekhukhune said they sometimes went to bed hungry because there was no money to buy food (HSRC, 2006).
- The DoA study revealed that 63% of households within the District were food insecure and that levels of hunger were on the increase (DoA and FIVIMS, 2007c). It also shows that Tubatse and Fetakgomo Local Municipalities are the most income-deprived areas in the District, and both also have the highest levels of food shortage in the area.

The three main contributors to GGP were community services (52%), mining (20%) and trade (17%). Despite these findings, the District has very consciously chosen to explore the potential of mining, agriculture and tourism as key contributors to the Sekhukhune economy up to the year 2025. This is also in recognition of the fact that thriving local economies should not depend overly on public sector injections of income.

A significant number of employment remains in the public sector and as a result there is a need to leverage employment opportunities created by other industries such mining and tourism.

The agricultural sector is an important contributor to employment, but a relatively marginal contributor to the aggregate GGP, estimated at 9, 7% (GSDM, 2007a). Agriculture in the Sekhukhune District is a mixture of both commercial and subsistence farming. Subsistence farming tends to dominate land use in the District municipality. Commercial agriculture in Sekhukhune tends to be concentrated in two areas:

- (1) The south-western part of the District (near Groblersdal and Marble Hall).
- (2) The eastern section of the District (near Burgersfort and Ohringstad).

Over the past 5 to 10 years, farmers in the area have faced mounted difficulties with falling commodity prices and rising input costs. Despite this, agriculture's contribution to GGP continues to be roughly 10% and, in 2001, provided 16% of the formal employment within the District (Womiwu Rural Development, 2006a).

Tourism has been identified as one of the major growth sectors in the Sekhukhune District. The District's Tourism Strategy indicates that there are an estimated 84 accommodation facilities offering 2,627 beds throughout Sekhukhune. The sector also employs about 962 persons.

1.5 Municipal Governance

1.5.1 The District Council

The ANC has an overall political control of the Council, holding 36 of 41 seats allocated to the GSDM. The District Council is allocated 43 seats. There are 5 traditional leaders who are invited to participate in the Council in their capacity as Magoshi in the District area. Of the 41 seats allocated to District Council. There are 17 directly elected councillors and 26 councillors representing local municipalities. Of the 41 councillors, 14 are female and 27 are male.

Political parties in the District Council are represented as follows:

Table 7: Political party representation in the Council

Party	Total Seats	Directly elected	PR Seats	Gender	
				Female	Male
African National Congress (ANC)	36	15	21	13	23
Democratic Alliance (DA)	2	13	1	1	1
Azanian Peoples Organisation (AZAPO)	3	1	2	0	3
GSDM	41	17	24	14	27

1.5.2 The Mayoral Committee

The GSDM Council adopted an Executive Mayor and Mayoral Committee governance arrangements. The Executive Mayor is assisted by members of the Mayoral Committee. The Executive Mayor is the chairperson of the Mayoral committee. Each Member of the Mayoral Committee (MMC) except the Executive Mayor and the MMC in the Office of the Executive Mayor is responsible for a different portfolio, namely, Administration, Human resources, Planning and Economic development, Strategic Management (which encompasses Office of the Executive Mayor and communications), Community Services, Finances and Technical services (which encompasses water services). The Mayoral Committee meets once a month to consider report from the Municipal Manager.

1.5.3 The Portfolio Committees

There are seven (7) Portfolio Committees with portfolios commensurate with those headed by MMCs'. Each portfolio committee is made of an average of eight (8) Councillors. Below is the membership of portfolio committees:

Table 8: Portfolio Committees

Finance Portfolio	
MMC Mokganyetji	GSDM
Kgoshi Masha L.A	GSDM
Councillor Masemola M.O	Chairperson (GSDM)
Councillor Matlala M.A	Makhuduthamaga
Councillor Kekana K.N	SDM
Councillor Sindane V	Elias Motsoaledi
Councillor Mokgabudi P.	Elias Motsoaledi
Councillor Phogole M.I	GSDM
Councillor Malaka S.	Makhuduthamaga
Human Resources Portfolio	
MMC Sekhukhune S.M	Greater Tubatse
Kgoshi Matlala Lehwelere	GSDM
Councillor Matemane W.	Elias Motsoaledi
Councillor Masemola M.A.S	GSDM
Councillor Maseko J	GSDM
Councillor Makuwa T	Makhuduthamaga
Councillor Phogole M.I	GSDM
Councillor Maepa M.M	Elias Motsoaledi
Councillor Moetanalo S.P	GSDM
Council Administration	

MMC Lekola M.F	Ephraim Mogale
Councillor Nchabeleng T.L	GSDM
Councillor Masemola M.O	GSDM
Councillor Mampuru N.S	Fetakgomo
Councillor Mampuru T.K	Greater Tubatse
Councillor Makitla T.K	GSDM
Councillor Mphahlele L.J	Ephraim Mogale
Councillor Malomane K.H	Greater Tubatse
Strategic Portfolio	
MMC Mokoka K.S.D	Ephraim Mogale
Councillor Monama G.R	Makhuduthamaga
Councillor Sindane J.V	Elias Motsoaledi
Councillor Nchabeleng T.L	GSDM
Councillor Maepa M.M	Elias Motsoaledi
Councillor Modibetsane N.J	GSDM
Councillor Nkadimeng S.M	Makhuduthamaga
Councillor Matsepe D	Elias Motsoaledi
Planning and Economic Development	
MMC Motene J	GSDM
Kgoshi Mashegoane D.L	GSDM
Councillor Sindane V	Elias Motsoaledi
Councillor Kekana K.N	GSDM
Councillor Mampuru N.	Fetakgomo

Councillor Mokgabudi P	Elias Motsoaledi
Councillor Radingwana M.J	Makhuduthamaga
Councillor Manotwane R.R	Greater Tubatse
Councillor Leshaba A	Greater Tubatse
Technical Portfolio	
MMC Mathale M	GSDM
Kgoshi Malemashabela N.W	GSDM
Councillor Maseko J.	GSDM
Councillor Matlala M	GSDM
Councillor Malaka S	Makhuduthamaga
Councillor Mphahlele LJ	Greater Marblehall
Councillor Mampuru TK	Greater Tubatse
Councillor Makuwa T	Makhuduthamaga
Councillor Leshaba A	Greater Tubatse
Community Services	
MMC Sehlangu TL	GSDM
Kgoshi Mashabela NW	GSDM
Councillor Kekana KN	GSDM
Councillor Matemane W	GSDM
Councillor Manotwane RR	Greater Tubatse
Councillor Matsepe D	Elias Motsoaledi
Councillor Modibetsane NJ	GSDM
Councillor Nkadimeng SN	Makhuduthamaga

The GSDM Council has established various oversight committees to improve good governance and accountability:

Table 9: Council Committees

Municipal Accounts	
Councillor Masemola MO	GSDM
Councillor Matlala A	Makhuduthamaga
Councillor Sindane V	Elias Motsoaledi
Councillor Maseko J	GSDM
Councillor Matemane W	GSDM
Councillor Nchabeleng TL	GSDM
Councillor Monama GE	Makhuduthamaga
Councillor Maepa MM	Elias Motsoaledi
Councillor Modibetsane MJ	GSDM
Ethics	
Hon. Matlala RM	GSDM
Councillor Masemola MO	GSDM
Councillor Mokgabudi P	Elias Motsoaledi
Councillor Matemane W	Elias Motsoaledi
Councillor Nchabeleng TL	GSDM
Oversight	
Hon. Matlala RM	GSDM
Councillor Masemola MO	GSDM

Councillor Maepa MM	Elias Motsoledi
Councillor Maseko FJ	GSDM
Councillor Mampuru TK	Greater Tubatse
Councillor Mampuru NS	Fetakgomo
Mr. Maseko P	Elias Motsoledi
Kgosi Masha	Makhuduthamaga
Phokoane Letty	Ephraim Mogale

The chief whip of the GSDM Council is Councillor Mahlo S., from Greater Tubatse.

1.5.4 The New Governance Structure (Separation of Powers) 2010/2011

In the forth coming year (2010/2011), Council will finalise its new governance structure. The new governance structure is predicated on a clear separation of powers between the Legislature and Executive. The new governance structure is supported by 10 section 79 Committees (oversight) chaired by non-executive Councillors.

Chapter 2: Performance Highlights

2.1 PERFORMANCE MANAGEMENT

The District municipality has reviewed its Performance Management Framework and Policy Document to integrate its strategic direction into the performance management process. The review of the performance management policy and system was aimed at continuously maximising performance and achieving national and provincial priorities as aptly resonated in the millennium developmental goals (MDGs).

The Performance Management Framework and Policy Document guide the organisation to develop objectives and business plans which are aligned to the budget allocations. The framework integrates service delivery and budget implementation plans (SDBIPs) and individual performance commitments. The District municipality has also automated its performance management framework to allow for on-line reporting and effective repository of performance data.

In addition, the framework has inspired a culture of reporting and accountability. As part of continuing the culture of reporting progress against performance targets as outlined in the SDBIPs and performance plans, the District municipality presents performance information for the 2009/2010 financial year. This performance information reported in this chapter highlights achievements and challenges for core departments. The performance information of support departments is comprehensively reported in Chapter 4.

2.2 SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

2.2.1 WATER AND SANITATION

The Department of Water Services is responsible for providing excellent bulk water and sanitation services to the Greater Sekhukhune municipality. The Department is repositioning itself to be the sole, preferred provider of all water services within all the areas under the jurisdiction of GSDM. The Department is mandated to reduce water and sanitation backlogs as part of meeting national developmental priorities. The core focal business areas of Water Services are:

- To ensure adequate compliance with all DWAF water quality standards and norms; and
- To ensure environmental accreditation

The District municipality is a water services authority (WSA). The municipality ;has a duty to all customers or potential customers in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water services (Water Services Act, 1997). In this regard, the Department of Water Services on behalf of the District municipality is responsible for ensuring that the roles of the GSDM as an authority and a provider are fulfilled. In addition, Water Services must ensure that GSDM is able to meet the basic attributes of an efficient and effective water services operation that:

- Produces potable water, treated effluent, and process residuals in full compliance with regulatory and reliability requirements and consistent with customer, public health, and ecological needs.

- Obtains the support of all stakeholders including the oversight bodies and structures, regulatory bodies and other critical partners.
- Render a responsive and effective customer services regime.
- Ensures adequate skills development of staff to build operational capacity and optimise organisation efficiencies.
- Operate ring-fenced water services to ensure return-on-investment and increase financial viability.
- Continue to explore water sources to increase sustainability of water provision to the entire District municipality.

The contextual understanding of the attributes that drive Water Services in the District municipality are triggered by the historical factors and structural realities that confront the people of Sekhukhune Land in their quest to access clean, potable water in a sustainable manner that does not threaten their quality of life and that of future generations. The historical factors and structural realities manifest themselves in the limited ground water sources and increasing number of households without access to basic water and sanitation services in the entire District area.

In the beginning of the 2009/2010 financial year, the baseline backlog on water and sanitation at the beginning stood at approximately 123 939 and 175 809 respectively. The baseline backlog on electricity at the beginning of 2009/10 financial year was sitting at approximately 51463.

In ensuring that the District plays its regulatory role over the provision of water services, service level agreements were developed and signed with local municipalities. The SLAs provide a governance and financial framework.

2.2.1.1 What has Water Services achieved in 2009/2010

As a WPA and WSP, the District municipality has a duty to provide water services in an efficient, affordable, economical and sustainable way. In addition, the municipality has a constitutional mandate to reduce water and sanitation backlogs. In fulfilling this constitutional, policy mandate and ensuring that massive backlogs in water and sanitation services are addressed. In the year under review the District municipality has initiated a number of projects to progressively reduce service delivery backlogs on water and sanitation services.

The performance highlights for the 2009/2010 includes:

- Provision of water to **9380** households;
- Connecting **6 168** households to sanitation services;
- Spending a total of **R 85 818 832 (52 168 832 and 33 650 00)** of capital expenditure on water and sanitation projects in a various municipalities in the District area.

Water Services is responsible for regulating and monitoring the water standards relationship between the Council and other water services providers (local municipalities). In fulfilling this requirement, the Department is pleased to report that in the year under review, the quality of water provided in the District municipality has significantly improved. The Department has achieved a **42%** Blue Drop status during the year under review.

2.2.1.2 What challenges did Water Services facing in fulfilling performance expectations for the 2009/2010

In the 2009/2010 financial year, the District municipality was unable to meet its planned targets due to a number of reasons. Uncoordinated planning hinders the attainment of planned targets. Uncoordinated planning manifest itself in fragmented planning including spatial planning from various municipalities. In some cases, the cost of connecting to the ESKOM grid is becoming expensive and unpredictable. In addition, lack of electricity generation capacity also hinders efforts to run requisite operations such as pumps, water treatment works, etc. In addition, Water Services is confronted by the following details:

- Migration is also increasing pressure in meeting the target to reduce water backlogs by 2014.
- Another key reason for the current performance levels is the economic down-swing which has affected the signing of off-take agreement which would assist in the funding of the pipeline from the De Hoop Dam to Mooihoek Water Treatment Centre. The delay of the building of pump storage scheme Lima by ESKOM has increased the cost of infrastructure to pump the water.

Without doubt, the recording performance levels in the year under review fall short of planned performance. This variance is attributed to a number of factors. These factors include:

- Limited ground water sources that restricted water supply to households;
- High cost of bulk infrastructure that is susceptible global price escalations; including the high prices of steel and other materials;
- Poor quality workmanship by service providers or contractors;

- Increasing vandalism in infrastructure. This include theft of pumps, cables, valves, motors, panels, etc. vandalism dwindles budget that should have been allocated to other priorities;
- Access to land that will serve as servitude;
- Getting materials from borrow pits;
- Limited investments in operation maintenance deny the municipality full benefits from the lifespan of the infrastructure.

Lack of measurability in the water management makes it difficult for the District municipality to assess the amount of water loses. This gap prevents the municipality from painting a realistic picture of inefficiencies and undermines efforts to increase revenue from water sales.

2.2.1.3 What does Water Services plan to do next (2010/2011)

The District municipality intends to prioritize water service functions to attain optimal performance levels.

In the 2010/2011 the District municipality has reinforced the SLAs in order to provide a practical framework to govern the relationship between the District municipality and local municipalities who are responsible to provide services in designated areas. The SLAs would clearly outline the roles and responsibility, governance protocols and a sharing model to improve maintenance of water services operations.

2.2.2 TECHNICAL SERVICES

The Department of Technical Services is responsible for the implementation of capital expenditure projects for water and sanitation services. The Department is also responsible to manage the construction and maintenance of roads, storm water and transport networks in the District. In addition, the Department is tasked with providing strategic coordination of project management capability including social facilitation of capital projects.

Technical Services is a key driver of infrastructure development in the District area. Without a focused, coordination of capital projects, the District municipality would not be able to leverage capital projects in ways that reduces infrastructure backlogs and creation of employment opportunities.

Technical Services perceives its role in the context of facilitating socio-economic growth in the GSDM. This understanding should facilitate the attainment of Millennium Development Goals (MDGs). These include:

- To eradicate extreme poverty.
- To achieve universal primary education.
- To promote gender equality and empower women.
- To reduce child mortality.
- To improve maternal health.
- To combat HIV/Aids, malaria and other diseases.
- To ensure environmental sustainability.
- To develop a global partnership for development.

2.2.2.1 What has Technical Services achieved in 2009/2010

The South African government has developed corresponding target to measure progress towards the achievement of the MDGs. Of importance to the Department, is the commitment *'to half by 2015 the proportion of people without access to sustainable safe drinking water.'* In contributing to efforts to increase access to sustainable safe drinking water has undertaken a number of capital projects in the 2009/2010 financial year.

In the 2009/2010, Technical Services completed the bulk water supply Groblersdal to Luckau. The Groblersdal-to-Luckau bulk water supply project has the capacity to supply water to 11 villages with water. The project is awaiting connection to the ESKOM grid which is likely to happen in the 2010/2011 financial year.

- A bulk water supply line from Gamalekane to Jan Furse is almost complete. This water supply pipeline is linked to the De Hoop Dam.
- A 10ML per day Water Treatment Works (WTW) is on tender.
- Two 10 ML reservoir in Jan Furse are on design stages.
- A 10ML reservoir at Mooihoek WTW is on tender.

The capital budget for the 2008/2009 financial year was R524 million and a **5%** decline in 2009/2010. This decline further limited the growth of additional households with access basic water and sanitation.

2.2.2.2 What challenges did Water Services faced in fulfilling performance expectations for the 2009/2010

In 2006, capital expenditure to significantly reduce water and sanitation backlogs over a 14 year period, were forecasted to range around R75 million in 2006 to R364 million in 2007 and R453 million in 2008. The total capital expenditure requirements in 2006 Rand values have been calculated at R3.015 Billion. Of this amount approximately R1.52 Billion is for improved bulk water infrastructure (excluding Dams), R727 million for improved village reticulation including reservoirs but excluding private connections. Approximately R766 million needs to be spent on sanitation and sewerage infrastructure, of which

R633 has been estimated for household sanitation. In order to meet the target of providing each household with a reasonable VIP latrine by 2020, 88 VIP latrines will have to be constructed every day for the next 14 years. The current backlog is estimated to be 83 355 units. Targets are to eliminate 30% of the backlog by 2010, 50 % by 2015 and 100% by 2020. However efforts to meet the 30% target in the year under review has not been possible. This is due to limited financial resources and more significantly limited ground water sources.

2.2.2.3 What does Technical Services plan to do next (2010/2011)

Technical Services intends to conduct a beneficiation investigation in 2010/2011. The beneficiation investigation project is geared at assessing realistic backlogs. In addition, intends to assess how many households require basic sanitation requirements including the identification of beneficiaries. Once completed, the District municipality would be in a better position to do planning for the roll-out of the Water Master Plan, WSDP and the road master plan.

2.2.3 Electricity

The performance highlights for the 2009/2010 includes:

- Connected **12346** households to the electricity grid;
- Spending a total of **129 891 036** of capital expenditure on electrification projects.
The total capital expenditure spent includes a **R38 942 462** spending by ESKOM and spending by 3 local municipalities in the District area.

Compared to the **R22 million** spent on electrification of **3698** households projects in the 2008/2009 financial year, the current spending demonstrate the District's resolve to accelerate access to electricity by residents and local communities in an effort to improve the quality of life for the people of GDSM. The increased spent of **R129 891 036** which constitute an almost 600% increase. This increase in capital expenditure for electrification lays a foundation for continued strategic roll-out of infrastructure investment plan.

A total of **R 129 891 036** was spent in connecting additional households to the national electrification grid.

Table 10: Households connected to electricity grid in different municipalities

Implementing Agent	Planned Connection	Actual Connections	Budgets	Expenditures
Sekhukhune District Municipality	6572	5143	R 47 495 156	R 45 581 159
ESKOM	4072	3550	R 43 262 270	R 38 942 462
Elias Motsoaledi Local Municipality	246	246	R 3 200 000	R 3 200 000

Implementing Agent	Planned Connection	Actual Connections	Budgets	Expenditures
Tubatse Local Municipality	1293	1083	R 11 726 000	R 11 225 995
Makhuduthamaga Local Municipality	2834	2324	R 31 933 489	R 30 941 419
Total	15017	12346	R 137 616 915	R 129 891 036

Projects worth a total of 3229 connections were rolled over, and will be completed and energised within the first quarter of 2010/11 financial year. The completed projects brings the current backlog to approximately 39117 connections, where the bulk still remains in Tubatse and Makhuduthamaga Local Municipalities at approximately 21069 and 7343 connections, respectively.

2.2.4 Roads and Storm Water Drainage

The baseline backlog on roads at the beginning of 2009/10 financial year was summarised as follows, derived from Roads Master Plan (2006) findings:

- Upgrading of 65, 89 kilometres from unpaved to paved for Fetakgomo municipal roads.
- Upgrading of 176 kilometres of District roads from unpaved to paved.
- Re-gravelling of 1,122 kilometres of District roads.

R136 Million was set aside for roads construction for 2009/10 financial year, which was later reduced to R116 Million during the budget adjustment. The following is the summary of kilometres of roads as well as number of bridges constructed in

2009/10 financial year. The information for the actual milestones is broken down in to the District roads and the local municipal road and/or streets.

Table 11: Roads Construction

Activity	Number			
	Planned	Actual	Actual District	Actual local/streets
New Gravel Roads (Km)	4	4	0	4
Roads upgraded from gravel to surfaced or paved standard (Km)	36.3	25.05	13.3	11.75
Bridges constructed (Including Low Levels)	6	5	3	2
Total	46.3	34.05	16.3	17.75

In the 2009/2010, the District's endeavours to reduce gravel roads to paved roads yielded the following results:

- Upgrading of 61, 20 kilometres from unpaved to paved for Fetakgomo municipal roads.
- Upgrading of 164 kilometres of District roads from unpaved to paved.
- Re-gravelling of 1,122 kilometres of District roads.

Lack of funding to implement the completed designs and the high unit cost for upgrading of roads remains a key impediment to roads construction programme. In additional, maintenance of gravel roads poses a further limitation to GSDM development agenda.

The District municipality is engaging the Provincial and National Departments of Roads and Transport to assist with funding. The District municipality is further teaming up with the local municipalities and the Provincial Department of Roads and Transport to efficiently utilise the available machinery and equipment for operations and maintenance of gravel roads.

2.2.5 Free Basic Services (Free Basic Water {FBW} and Free Basic Electricity {FBE}).

The District municipality has committed itself to provide free basic services (FBS) as a key policy intervention to alleviate poverty and to ensure that all citizens, especially the poor and other vulnerable groups, have access to basic services. The Constitution of the country places the responsibility on government to ensure that such services are progressively expanded to all, within the limits of available resources. The provision of free basic services is geared to progressively move towards universal access.

In this regard the District municipality has, provided a total of **55 000** households have access to free basic water, in the 2009/2010 financial year.

Table 12: HHs with access to FBW

Municipality	No of HH benefiting from FBW
Elias Motsoaledi Local Municipality	8 250
Fetakgomo Local Municipality	8 250

Ephraim Mogale Local Municipality	11 000
Greater Tubatse Local Municipality	16 500
Makhuduthamaga Local Municipality	11 000
Total	55 000

In the year under review (2009/2010) the GSDM has provided a **25 247** households with FBE. FBE includes provision of 50kWh per household per month for a grid-energy system (connected through the national electrification programme) and non-energy grid to households who do not have access to grid energy electrification.

Table 13: HHs with access to FBE

Municipality	No of HH benefiting from FBE
Elias Motsoaledi Local Municipality	1220
Fetakgomo Local Municipality	3476
Ephraim Mogale Local Municipality	2092
Greater Tubatse Local Municipality	8810
Makhuduthamaga Local Municipality	9649
Total	25247

2.2.6 Extended Public Works Programme

The District municipality's Expanded Public Works Programme (EPWP) represents government's direct policy instrument aimed at addressing unemployment and poverty in the District municipal area. Unemployment remains one of the key constraints to improved quality of life for residents and communities within the Sekhukhune Land.

The EPWP's objectives are to use existing government and public entity budgets to reduce and alleviate unemployment and increase the ability of workers to earn an income, either through the labour market or through entrepreneurial activity. The focal point of the District EPWP is to use capital projects to create employment opportunities and creation of skills in the short-to-medium term period.

2.2.6.1 Job opportunities

All infrastructure projects in the 2009/2010 financial year, except electrification, have created a total of **1061** job opportunities for various categories of people in the District municipal area:

Table 14: Employment opportunities in the District' Capital Projects

Category	Number of Job Opportunities
Male	167
Female	201
Male Youth	310
Female Youth	372
Disabled	11
Total	1061

Electrification projects have created approximately **298** jobs during the 2009/10 financial year.

2.2.6.2 Training opportunities

5 out of 9 Learner Contractors completed their phase 3 projects and the remaining 4 are still on construction.

The success of the EPWP requires intensive support and mentoring programme for the learner contractors. Such support will assist learner contractors to improve the quality of their projects. The District municipality intends to support learner contractors with day-to-day operations.

2.2.7 Project Management Unit

The project management unit is repositioning itself to coordinate key strategic capital projects in the District municipality to leverage the benefits of integrated approach to project management. The unit is geared to accurately determine baseline information to aid planning and budgeting for capital projects in the organisation. In addition, PMU will ensure that the municipality develops the requisite project management capability that would contribute to overall monitoring and evaluation of projects, more importantly the implementation of contractual obligations in the projects implemented on behalf of the District municipality.

In the forthcoming year, PMU will be managing capital projects in excess of **R340 million rands** derived from various sources.

Table 15: Sources of Capital Funding for 2010/2011

Implementing Agent	Planned Connection
MIG	281,195,000
Bulk Infrastructure Grant Motsoaledi Local Municipality	43,000,000
EPWP	16,305,000
Total	340,500,000

2.2.8 Summary of Service Delivery backlogs

Over the past three years Greater Sekhukhune District Municipality has taken significant steps towards reduction of the backlogs in respect of the following services: water, sanitation, electricity and roads. The district, however, acknowledges that the eradication of these service delivery backlogs remains a process which will be managed well. The district remains committed to this process and will continue to cooperate with other stakeholders in the process.

The table below illustrates the extent to which the backlogs in respect of the services listed were dealt with over the past three years (2007/8 – 2009/10). Despite the historical service delivery backlogs the district inherited since its inception, there is an indication that the district is gearing towards the right direction.

Function	Households	No of hh served (07/08)	No of hh served (08/09)	No of hh served (09/10)	Current Backlog
Water Services	237 390	50 834	121 789	123 749	113 641
Sanitation	237 390	12 038	40 902	48 075	189 315
Electricity	237 390	180 280	183 978	196 324	41 066

NB: The source for number of households is derived from STATS SA-2007 Community Survey. The current backlog was culculated from subtracting the total number of households served upto 2009/10, from the total number of households.

Function	Total District Road Network	KM Tarred (07/08)	KM Tarred (08/09)	KM Tarred (09/10)	Current backlog
Roads	1491,41	73,02	81,52	88,52	1402,89

NB: Ther backlog information is derived from the District Roads Master Plan, and is based on number of KM tarred vs gravelled per financial year.

2.3 COMMUNITY SERVICES

2.3.1 Introduction

The mandate of the Department of Community Services in the GSDM municipality is to ensure that the District municipality provides a strategic direction and coordinated efforts to address mounting challenges of poverty, unemployment and increasing social effects of HIV/AIDS. The Community Services Department is also tasked with facilitating the provision of adequate, equitable and appropriate services and facilities for the residents and communities of the Sekhukhune land.

The Department of Community Services is also responsible to render fire and disaster management services that protect life and property in the entire District area. In doing so, Community Services facilitates the empowerment of communities to ensure that they are prepared to deal with potential disasters, especially bushfires which are unpredictable and dangerous because of their propensity to get out of control.

The Department of Community Services is responsible to set standards and coordinating the implementation of national policy directives through facilitating effective intergovernmental relations structures (IGR) in the District municipality.

The role of the Department Community Services within the Greater Sekhukhune District municipal area is to coordinate provision of community development services by all local municipalities and all spheres of government in a reasonable, coherent, integrated manner that maximizes available resources through the involvement of social actors. In this way, the Department strives to facilitate the delivery of social services through leveraging the vast network of partners in the social development family.

In addition, the Department is in charge of municipal health services and sports, arts and culture. In achieving its vision and mission and fulfill its core functions responsibilities, the Department of Community Services is committed to provide services in an efficient and effective manner.

2.3.2 What has Community Services achieved in 2009/2010

Municipal Health Services is a function of local government. The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), National Health Act, 2003 (Act 61 of 2003), the Health Act, 1997 (Act 63 of 1977) and the Municipal Structures Act, 1998 (Act 117 of 1998) locates the provision of municipal health services in local government sphere. Municipal health services cover a spectrum of functional areas such as water quality monitoring, food control, waste management, health surveillance of premises, surveillance of communicable diseases, excluding immunization, vector control, and environmental pollution control, disposal of the dead and chemical safety.

Environmental health is a function of the District municipality. The main thrust of environmental health service is to provide interventions to mitigate against a number of preventable diseases that emanate from the environment whether in the form of food, water, soil or air, including poisons and pollutants.

In the 2009/2010 financial year, Council adopted the recommendations of the Section 78 process. Community Services Department further concluded the secondment agreement and took transfer of 28 Environmental Health Practitioners (EHPs) from the Province.

With the secondment and finalisation of the transfer EHPs, the Community Services Department is gradually, positioning itself to assess, correct, control, and prevent those factors in the environment that can potentially adversely affect the health of present and future generations in the District municipal area.

As part of the environmental management, the Council has approved Air Quality Management Plan (AQMP). The AQMP has been submitted to the Limpopo Department of Economic Development and Tourism (LEDET) for licensing. In the 2010/2011 financial year, The District municipality will build the requisite capacity to ensure adequate implementation of the AQMP in the 2010/2011 financial year. In addition, the establishment of the air quality management and weather station is forthcoming. The establishment of the air quality management and weather station will assist SDM to improve the protection of the environment and human health, in a sustainable (economic, social and ecological) development framework, through reasonable measures of air pollution control.

As part of implementing the Integrated Waste Management Plan (IWMP), the Department has established and maintained an operational land fill site at Jan Furse. A scoping exercise and environmental impact assessment (EIA) report for the landfill site in Groblersdal was completed in the year under review, however the Record of Decisions and License has not been issued by the responsible authorities. In addition, scoping and EIA reports for the Hlogotlou landfill have also been forwarded to the Department of Environmental Affairs (DEA).

In the forthcoming (2010/2011) year, the Department of Community Services intends to optimise waste management by maximising the associated environmental impacts and financial cost of waste by ensuring that its land fill sites meet the requisite compliance requirements. In addition, the Department will facilitate the exploration of buy-back centres in the land fill sites.

The fight against HIV/AIDS is one of the key focus areas of the District Council. The establishment of 5 local AIDS Council bears testimony to Council resolve to coordinates local structures which builds and strengthens partnerships with other stakeholders in the fight against HIV/AIDS. In addition, to leveraging community resources and partnership in the fight against HIV/AIDS, the Department has conducted 4 awareness campaigns and commemorated the annual World AIDS Day at Hlogotlou Stadium in the year under review.

In the quest to improve service delivery, the Department of Community Services has trained 5 EHPs in AQMP and 2 on food waste management in the 2009/2010.

Disaster management remains a key priority for the District municipality. In the quest to provide an integrated and coordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disasters recovery, the District municipality has acquired 2 emergency vehicles and fire fighting equipment for both Greater Tubatse and Groblersdal fire stations. The acquisition of the 2 emergency vehicles will go a long way in improving the current fleet reliability and performance including staff morale.

In the year under review, the District municipality has conducted over 40 fire safety inspections, fire investigations and stakeholder engagements.

16 awareness campaigns on fire prevention, crime prevention and response to disaster were held in the 2009/2010.

The District municipality has contributed to a 10% reduction in road accidents through the 'Arrive Alive' campaigns.

In the 2009/2010, Community Services has planted 50 trees in various clinics and health centres through the implementation of the Talafatsa (greening) project. Over and above the District driven intervention, Community Services Department in partnership with the Provincial Department of Public Works, has planted 50 indigenous trees and employed 60 people for a period of four weeks in Jan Furse Hospital.

In the 2009/2010 financial year, the Department of Community Services successfully concluded 12 cemetery projects. The cemetery projects entailed fencing cemeteries in order to reduce vandalism and discretion of graves.

The Community Services Department is tasked with promoting social cohesion through facilitating the hosting of a number of sports, arts and cultural activities and events. The hosting of the 2010 FIFA World Public View Areas (PVAs) bear testimony to the District municipality's resolve to promote social cohesion. The PVAs hosted by the District in partnership with its local municipalities has successfully facilitated the televising of 8 World Cup matches (6 matches were paid for while the other two were beamed as bonus) which included the Opening Match (Bafana Bafana and Mexico) and the finals on the 11th of July 2010. A total of 22000 watched the 2010 FIFA World Cup games hosted in the PVAs at Hlogotlou and Ntwampe Sport Center in the District.

The 2010 FIFA World Cup was not only the pinnacle of sports, arts and culture in the year under review (2009/2010) but brought a number of social and economic spin-offs for the District. The social and economic benefits of the hosting the World Cup festivities included:

- The hosting of the Adidas Truck at Ephraim Mogale and Elias Motsoaledi Local Municipalities in order to increase enthusiasm and endorse support to Bafana Bafana in the District municipal area;
- The hiring of the 240 taxis per day for four days (paid by Department of Transport) to ferry football fans to the PVAs for the 8 matches that were beamed in the District's PVAs;
- A total of 30 volunteers responsible to assist with coordinating the transportation of fans to the PVAs and a number of other volunteers signalled the revitalization of the 'spirit of volunteerism'; and
- A number of vendors who sold a variety of meals and delicacies during the viewing days benefited enormously.

It is also worthwhile to report that as part of hosting the 2010 FIFA World Cup, the Provincial Department of Health availed itself to vaccinate 938 children for the H1N1 for 2 days at Ntwampe Sport Center.

Community Services Department is proud to report that no major incident of child abuse, neglect, violence, crime was reported in any of the PVAs.

While the hosting of the 2010 FIFA World Cup epitomised, the sporting calendar of the GSDM for the 2009/2010 financial year, the Community Services Department undertook a number of sports, arts and culture events:

- 560 athletes participated at the Executive Mayor's Marathon held in August 2009 at Hlogotlou Stadium.
- Executive Mayor's Cup build up activities started from 11 April 2010 with 24 teams participating and the finals were held on 1st and 2nd May 2010 at Ntwampe Sport ground.
- A District club development programme was conducted in Tubatse.
- District Indigenous games were successfully held on 12th June 2010 and a team that will represent the District in the Provincial tournament on the 21st and 22nd August 2010.
- A softball tournament was held at Glen Cowie sport field.
- SAFA provincial knockout were held at Modimolle and the District represented by Matlopo FC from Tubatse.
- The under 19 and 21 netball teams from the District participated at the national tournament with 1 athlete selected to participate in the national team.
- 22 Referees were capacitated and certificated in level 1 and zero.
- 51 coaches attended Phase One of the coaching course.
- Conducted trials with Orlando Pirates.
- Coaching clinics were successfully conducted by Orlando Pirates and Kaizer Chiefs legends.
- A promotional music festival was successfully held at Rahlagane primary school.
- 5 workshops were conducted (choral, cultural music, crafters, financial and literature writing).
- Miss Sekhukhune was crowned Miss Limpopo.

The District Council now has a clearer picture of where it wants to go and better intelligence about the by-law enforcement challenges that matter to local residents and communities. It has made good progress in developing a comprehensive Municipal Health Services (MHS) By-Law to improve the quality of life of the people of Sekhukhune Land and further increase the safety in the community.

2.3.3 What has Community Services not achieved in the 2009/2010

The vastness of the District area continues to hinder efforts to improve turn-around times to respond to emergency calls. In addition, location of fire stations and the limited resources further compound envisaged turn-around to respond to emergency calls. Improving compliance of landfill sites has remained a weakness and Council needs to increase investment in this area in order to protect the environment and reduces waste disposal costs.

Lack of enforcement of by-laws increases the propensity for violations with no significant consequences for offenders. Improve compliance to fire safety requirements require comprehensive implementation of the by-laws which increased investment of requisite resources.

A number of challenges remain to be addressed in the sustainability of services rendered by social partners such as AMREF in servicing orphaned and vulnerable children. The District municipality would endeavour to build better working relationships through the development of a human development strategy in partnership with local municipalities. The human development strategy will outline a strategic direction and may-out a focused, coordinated approach to social development in the District.

2.3.4 What does Community Services plan do next (2010/2011)

The Department of Community Services acknowledges the limitations brought by limited resources and their implications to improved services. The Department intends to leverage community's resources and partnerships such as twinning agreement with the City of Johannesburg's Emergency Management Services in order to reduce the risk of disasters, mitigating the severity of disasters and increase community's preparedness, rapid, and effective response to disasters and post-disaster recovery. The District municipality will continue to empower communities to deal with the threat of disasters by identifying disaster 'hotspots' and building capacity in vulnerable communities.

The Department of Community Services will continue to conduct fire safety inspections in the entire District area. In addition, the District municipality would continue to strengthen the disaster management centre.

The District municipality would accelerate the promulgation of outstanding by-laws to enhance compliance and increase prosecution of offenders. This includes the finalisation of the Municipal Health Services By-Law.

The formal launching of the District AIDS Council (DAC) by the MEC will further strengthen GSDM's commitment to coordinate local structures and other partners in the fight against HIV/AIDS.

The Department will ensure an integrated approach to the implementation of arts, sports and culture programmes across the municipal organisation. This will ensure that focused heritage sites such as the Tsate Heritage Site are delivered in an integrated manner.

The Department of Community Services will continue to strive to deliver services of reasonable quality which broadly match its priority areas. The District municipality conducted customer satisfaction survey to assess the perceptions of residents and communities towards services rendered by the Department.

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2.4 PLANNING AND ECONOMIC DEVELOPMENT

2.4.1 Introduction

Planning and Economic Development is responsible to guide planning direction for the District municipality in a manner that facilitates and enhances holistic development planning and facilitate investments. The Department is mandated to ensure adequate spatial planning and land use management that significantly leads to economic growth in the municipal area. Planning and Economic Development is further tasked with coordinating integrated development planning through meaningful engagements with all municipal stakeholders. In addition, the Department is expected to provide Council with planning mechanisms and systems that anticipates migration and urbanization pressures that hinders an effective planning in the District area.

The Department also assist the District municipality to guide planning processes that would lead to integrated human settlement patterns including facilitating economic growth opportunities through packaged initiatives packages that provide prospects of medium-to-long term period.

In the light of these responsibilities, the Department of Planning Economic Development performs a number of functions:

- Provision of development direction;
- Local Economic Development;
- Spatial Planning;
- Land Use Management; and
- Integrated Development Planning.

2.4.2 What has Planning and Economic Development achieved in 2009/2010

In the 2009/2010, the Department of Planning and Economic Development has embarked on a number of interventions to facilitate integrated development, effective use of spatial planning and land use management that guide meaningful economic growth in the District area. The Department of Planning and Economic Development has managed to achieve the following results:

- The Spatial Development Framework (SDF) has been approved by council;
- SDF Applications Guidelines have been developed and renamed a Draft Municipal Infrastructure Investment Policy.
- 4 Precinct Plans have been approved.

A Spatial Planning Lekgotla was convened to deliberate on broader spatial development matters and it resolved amongst others on exploring alternative Land Use Mechanisms in the absence of the regulated process. In this regard, a draft Framework on Land Use Management for areas not covered by existing schemes has been formulated.

Portion 2 of the Farm Hoeraroep has been transferred to the Fetakgomo LM.

While the Jane Furse land acquisition processes have not been finalised, however the following has been achieved:

- Community resolutions finalised.
- Land valuation undertaken.
- Finalisation of the land valuation and agreement on the compensation model.

Through a focused implementation of various economic development strategies, the Department has managed to create employment opportunities to 230 people. In addition, a total of **R2, 295,995.53** have been spent in numerous activities. These include, amongst others:

- Supply of fencing material.
- Erection of 24Km fence for grazing camps through EPWP.
- Supply of brick making machines.
- Sitting, drilling, testing and equipping of borehole (With windmill and drinking trough).

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Table 16: List of GSDM Funded Projects

Project name	Beneficiaries	Municipality	Purpose of funding	Amount
Lima Uphile	7 (4 female and 3 male)	Elias Motsoaledi	Supplied fencing Material	113,602.00
Ebenezer Primary Cooperative	5 (4 female and 1 male)	Ephraim Mogale	Supplied fencing material	139,448.91
			Sifting, drilling, testing equipping and irrigation system	295,000.00
Matabane Agricultural Cooperative	36 (1 female and 35 male)	Elias Motsoaledi	Soil sampling, soil testing and interpretation of results	138,380.00
Lepelle Goats Development Project	42	Makhuduthamaga	Erection of 24Km fence for grazing camps through EPWP	120,000.00
			Procured a Bull dozer services to debush 2.279 km at the breath of 3m	39,750.00
			Rehabilitation of 2 boreholes at Mmakgwabe and Mphane	93,138.00
			Supplied 45 x 2.4 outstanding Poles for fencing	27,698.35

Project name	Beneficiaries	Municipality	Purpose of funding	Amount
Bapedi Sheep	82	Fetakgomo	Siting, drilling, testing and equipping of borehole (With windmill and drinking trough)	302,088.60
			Variation order for siting, drilling and testing of a borehole of a second borehole	111,764.46
			Siting, drilling, testing and equipping of borehole (With windmill and drinking trough)	270,552.00
Nala Poultry Project	11 (females)	Elias Motsoaledi	Supplied building materials for construction of broiler house	12,317.00
			Supplied 24 cubic metre building sand	7,400.00
Makhuduthamaga Crush Pans		Makhuduthamaga	Renovation of crush pan at Phokoane	22,966.00
			Renovation of crush pan at Ga-Masemola	22,199.00
			Renovation of crush pan at	21,110.00

Project name	Beneficiaries	Municipality	Purpose of funding	Amount
			Masehlaneng	
Kopano Disabled Cooperative	12 (5 female and 7 male)	Ephraim Mogale	Supply of Boom Sprayer and Vegetable planter	132,860.00
Tadima Sekgapa Mining Cooperative	11	Fetakgomo	Supplied static brick making machine, pan mixer, wooden brick making pallets, paving unit, installation, training, commissioning and delivery	187,654.54
Ntlaparu Stone Crushing Cooperative	21 (Females)	Ephraim Mogale	Static brick making machine, pan mixer, wooden brick making pallets, paving unit, installation, training, commissioning and delivery	199,044.46
ELM Chemical Supplies	3	Elias Motsoaledi	Supported on product development and testing of their 7 products for SABS compliance and assurance	39,022.56
Total	230	Value		2,295,995.53

2.4.3 What has Planning and Economic Department not achieved in 2009/2010

A number of factors hampered the ability of the Department of Planning and Economic Development to achieve the performance expectations of the 2009/2010 financial year. These limitations have significantly affected not only the key performance targets but also associated processes:

- The LUMS could not be promulgated by all local municipalities owing to non-enactment of the Land Use Management Bill (LUMB). In addition, limited capacity to deal LUM issues further hindered the Land Use Management Issues.
- The finalisation of the compensation model with the affected community is hindering land acquisition processes. Township establishment processes have also been delayed as a result of concerns expressed during the planning tribunal processes.
- Lack of financial resources also contributed to non-performance of the Department.
- Limited and accurate planning data limits development planning processes of the District municipality. In addition, limited coordination and integration of planning information and alignment of development projects undermined integrated service delivery.

2.4.4 What does Planning and Economic plan to do next (2010/2011)

The Department of Planning and Economic Development will ensure effective coordinate planning and implementation of processes between the District municipality and its locals including sector departments and other agencies within the District area.

The Department would endeavor to ensure speed resolution of outstanding development decisions. The Department would further ensure that outstanding municipal By-Laws and policies are considered, approved and promulgated in the new financial year (2010/2011).

2.5 FINANCIAL PERFORMANCE FOR 2009/2010

Sound financial management remains key lever to drive service delivery and infrastructure development in the entire Sekhukhune District area. Sound financial management contributes to improved governance and accountability. In this regard, the District municipality is committed to implementing financial management systems that improve controls and accountability but also leads to greater efficiencies and a healthy financial balance sheet for the District municipality.

As part of ensuring that the District remains financial viable and maintains the requisite financial position despite the limitations brought by a poor tax base and increased levels of unemployment in the area, the District municipality will continue to report on its financial performance with a sole aim of improving such performance.

A comprehensive financial report is contained in the Annual Financial Statements as presented in Chapter Five. Chapter Five outlines the consolidated financial statements and summarised in the Chief Financial Officer's (CFO) Report for the year ended June 2010.

Chapter 3: Human Resources

3.1 ORGANISATIONAL STRUCTURE

The GSDM's organisational structure is formed to create a legitimate service delivery capacity in order to take care of the needs of the community across the district. The municipal organisation consists of the political and administrative structures. The administrative structure of the municipal organisation is headed by the municipal manager who is appointed in terms of section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) and section 55, 56 and 57 of the Municipal Systems Act, 2000 (Act 32 of 2000).

As the accounting officer and head of administration, the municipal manager of a municipality is, subject to the policy directions of the municipal council, responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration including the management of the municipality's administration in accordance with this Act (the Municipal Systems Act, 2000) and other legislation applicable to the District municipality.

During the year under review the GSDM, in pursuit of the organisational strategic objective of pushing back the frontiers of service delivery backlogs, engaged in a process to review the GSDM Organisation Structure and ensure alignment with the Municipality's Integrated Development Plan as well as national and provincial priorities. The revised structure which was approved by Council and implemented is reflected below.

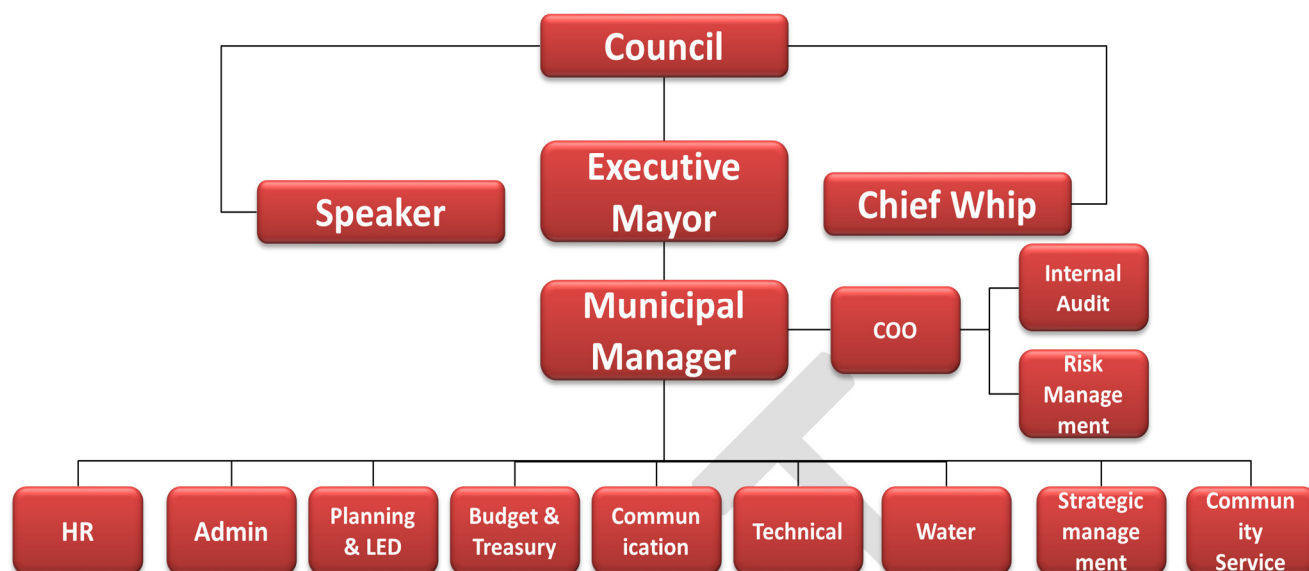


Figure 1: Organisational Structure

The Municipality further aimed to standardise and ensure job evaluation of all job descriptions in line with SALGA regulations. By the end of the financial year, 97.4% of the job descriptions had been completed whilst 2.6% were awaiting authentication from SALGA. It is believed that the authentication will be fast tracked in consultation with SALGA so that the process may be finalised. With regards to job evaluation, 56 Water Services posts were evaluated.

3.2 OFFICE OF THE EXECUTIVE MAYOR

The Executive Mayor is the political leader of the District municipality. The Executive Mayor provides political leadership to the executive and administration. The Executive Mayor is entrusted with the responsibility of implementing the strategic direction and resolutions of the municipal Council. The Executive Mayor is tasked with the overall performance of the District municipality. In fulfilling these overall responsibilities, the Executive Mayor has

constituted an office that is responsible for a number of strategic functions and programmes.

These functions and programmes are geared to drive policy directives biased towards the poor, women, children, youth and the disabled.

The Executive Mayor's Office also supports the Executive Mayor in the promotion of cooperative governance and coordination of all governments' service delivery efforts. The Office of the Executive Mayor is also responsible to coordinate initiatives aimed at building social cohesion and unity within the entire District area.

3.3 OFFICE OF MUNICIPAL MANAGER

The municipal manager is the accounting officer tasked to support the Executive Mayor in the implementation of the IDP and other strategic mandates of the municipal Council. The municipal manager has the responsibility of leading an administration capable and willing to support the implementation of Council's priorities and targets. In this regard, the municipal manager, through his office, provides the management leadership that manages a result-oriented organisation committed to service delivery and accountability. In this regard, the municipal manager is responsible to configure the municipal administration that is congruent to the service delivery requirements of the District municipality.

The office of the municipal manager supports the municipal manager in coordinating various municipal departments created in line with key functional areas. The Chief Operating Officer (COO) assists the municipal manager in the

day-to-day management of operational issues. In this way, the municipal manager focuses his energies on strategic and policy issues that impact on the overall performance of the District municipality and more specifically, acceleration of infrastructure projects that leads to timely completion of projects.

In the new financial year (2010/2011), the office of the municipal manager will be further strengthened to reflect the requirements the new governance structure and more emphasis on coherent, coordinated and integrated service delivery in a more strategic manner. The office of the municipal manager will centralise strategic management to ensure coherent planning, implementation and performance management across the municipal organisation.

The municipal manager will also be making proposals for the reconfiguration of water and technical services to allow for more integration and alignment between planning and implementation. This reconfiguration of the core functions will allow for more ring-fencing of the water and infrastructure services.

3.4 HUMAN RESOURCES

The Human Resources (HR) Department plays a vital role in the Municipality through attraction, recruitment and placement of quality skills as well as the retention of talent. The Department is also responsible for the development of institutional capacity and efficient people management geared towards efficient delivery of services within the Municipality. The department also aims to

strengthen the co-ordination of governance structures and facilitate sound intergovernmental relations.

During the year under review, various interventions were implemented to strengthen the capacity of the institution to provide effective and efficient services to the community of Sekhukhune District. These included amongst others improved skills development programmes, Employee Wellness and Assistance programmes, labour relations practices, HR policy development and improvement of systems and procedures for the staff of the Municipality.

3.4.1 Staffing Information

According to 2009/10 SDM organogram there are 1043 posts. 929 posts have been filled. 114 were vacant of these, 2 were section 57 positions. Of the 1043 posts, 929 were filled as at the end of June 2010. A breakdown of the filled posts is set out in the table below:

Table 17: Staff information

Department	No of posts	No of filled posts as at 30 June 2010
Human Resource	17	17
Administration, IT and Secretariat	29	26
Budget and Treasury	65	50
Planning and Economic Development	14	13
Community Services	75	61
Communication	16	10

Department	No of posts	No of filled posts as at 30 June 2010
Speaker's Office	3	3
Technical Services	29	26
Strategic Management	22	11
Office of the Executive Mayor	11	10
Office of the Municipal Manager	12	12
Water Services	750	690
Total	1043	929

In terms of the 2009/2010 financial year, all critical posts in the organogram were filled as per SALGA guidelines. Whilst the vacancy rate was planned to be kept below 20% of all positions on the organogram, the District Municipality managed to appoint 4 section 57 Managers and to fill 235 posts (85.1%) and therefore reducing vacancy rate to 14.9%.

Through effective recruitment and selection the department aims to fill all vacant posts on the Municipality's approved organogram to ensure continued and sustainable provision of services to the citizens of the District Municipality. For this purpose it further envisages filling 80% of vacant positions within three months of being vacant. However there were some challenges in terms of ensuring that all posts in the organisational structure are filled. Those challenges range from lack of rare skills in the SDM as well as financial constraints.

The third Mayoral Review Lekgotla resolved that SDM should develop a draft policy on Training, Education and Development to ensure that we tackle the lack of skills in the Municipality. The draft policy is available and is undergoing critical consultation process of major stakeholders in the work place.

3.4.2 Human Resources Profile

The employee profile of the District municipality reflects the demographic profile of the area as outlined in the Statistics SA information, 2001. The employee profile shows that senior management positions are still occupied by males in the majority. This situation requires the acceleration of gender equity and mainstreaming interventions as part of our employment equity targets.

In terms of the employment equity plan, the GSDM's objective to promote equal opportunity, diversity and fair employment was further advanced through the appointment of:

- 50% women at s57 level.
- 23.5% women at middle management.
- 36.9% appointed in other employment categories.
- 0.8% whites.
- 0.34% disabled.

Equity at middle management and other employment categories remain a challenge that the GSDM must continue to tackle going into the next financial year so that 50% women representivity is achieved. In the new financial year (2010/2011), the municipal organisation will endeavor to create opportunities to rectify the current profile. In this regard, a comprehensive human capital

development strategy that contains career development and career growth would be developed.

In order to comply with the Employment Equity Act 55 of 1998, the GSDM submitted its 2009 Employment Equity Plan to the Department of Labour. The EE report also appears in Public Register.

Table 18: Occupational levels

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	4				5						9
Senior management	25			1	5			1			32
Professionally qualified and experienced specialists and mid-management	32				7						39
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	81			3	60			2			146
Semi-skilled and discretionary decision making	252			1	167						420
Unskilled and defined decision making	197				86						283
TOTAL PERMANENT	591			5	330			3			929

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Temporary employees											
GRAND TOTAL	591			5	330			3			929

3.4.3 Human Resources Development (HRD) Annual Training Report

The District municipality has implemented an annual training programme to improve the skills base and reposition employees to achieve their performance objectives and targets. The training programme sought to achieve a number of objectives:

- To ensure the development of skills levels of all staff members and members of community;
- To assist employees to handle their job demands effectively;
- To have employees who are able to contribute towards overall achievement of IDP targets;
- To meaningfully contribute to the achievement of the objectives of the Skills Development Act 97 of 1998, Labour Relations Act 16 of 1995, South African Qualifications Authority Act 58 of 1995, Skills Development Levies Act of 1999 and the National Skills Development Strategy;
- Contribute towards developing a new cadre of competent and committed future employees for a people oriented service;
- Offer insights future employment opportunities; and
- Improve the foundations for human development.

3.4.4 External Bursaries

In order to ensure sound provision of study assistance to communities in need, the Municipality issued external bursaries to seven new learners during the year under review. While this is below the annual target set due to applicants not meeting the application requirements, the department is poised to reach all learners through exhibitions and adverts in the future to ensure a wider application base and therefore improve the quality of applicants.

Table 19: External Bursaries

Field of Study	No. of Awardees	Value
Medicine	02	R60 359-00
Environmental Studies	02	R43 710-00
Mining	01	R46 334-45
Human Resources Management	02	R40 000-00
Engineering	08	R160 000- 00
Law	02	R85 702-00
Commerce	03	R53 000-00
Operations Management	02	R17 038-00
Information Technology	08	R160 000-00
Geography	02	R33 116-00
Auditing	01	R20 000-00

Field of Study	No. of Awardees	Value
Management	01	R30 843-00
Finance	03	R70 000-00
TOTAL	37	R636,102.45

3.4.5 Staff Bursaries

The Department is committed to build human capital that is congruent to the strategic needs of the organisation. This commitment has translated in the provision of study bursaries for municipal employees. In the 2009/2010 financial year, 38 staff members were issued with bursaries to study for various qualifications. A total of **R218, 090.11** was spent on staff bursaries for various courses. This amount excludes the amount spent by SALGA on the ELMDP course undertaken by one employee.

3.4.6 Experiential Training

Experiential training was provided to 12 learners who were subsequently placed within the Municipality, whilst seven were being mentored. In the 2009/2010 financial year, the Department initiated a Recognition of Prior Learning (RPL) process for employee's assessment and accreditation. Whereas it was anticipated that 50% of staff would be assessed and accredited, this was not achieved due to non submission of RPL application forms by some staff members.

3.4.7 WPS Implementation

In compliance with the Skills Development Act 97 of 1998 and the Skills Development Levies Act 9 of 1999, the department coordinated, prepared and

submitted a workplace skills plan and annual training report to the Local Government Sector Education and Training Authority.

The District municipality has spent **R415, 526.28** of budget to capacity building and training programmes. In the new financial year (2010/211), the District municipality has budgeted **R750, 000.00** for capacity building and training programmes. Part of this budget will be spent on Councillors in line with the new governance structure.

The WPS implementation saw 99 employees benefiting during the year under review.

3.4.8 Internship Programme

The Finance Department hosted 3 interns during the 2009/2010 financial year. This amounted to a spending of **R415, 526.28** for 2009 and **R477, 000.00** for 2010.

3.4.9 Councillors

Continuous efforts to capacitate Councillors to perform their oversight responsibility and provide the requisite political leadership commensurate with improved service delivery and accountability, **12** councillors were provided with the following training opportunities:

- SALGA HR Policy Workshop
- SALGA SADC Municipal Study Tour
- City Development Conference in Jordan
- National Certificate in Municipal Development Programme
- Executive Leadership in Municipal development Programme

3.4.10 Employee Wellness and Assistance

The ability of the district municipality to fulfil its constitutional mandate, there is a need to ensure that employees wellness and productivity is emphasised. In this regard, the District Municipality is implementing an Employee Assistance Programme (EAP) in line with the Municipality's EAP Policy. The EAP policy entails a rollout of awareness programmes in the District and its local municipalities. By so doing, 100% (67) Emergency and 48 personnel underwent both short and long term and non-pharmacological treatment and counselling sessions. About 0.7% of the municipality's staff compliment completed rehabilitation programme. Furthermore, a successful wellness day held.

3.4.11 Human Resources Policies

The Department continued with the process of reviewing HR policies in 2009/2010, to guide employee behaviour and improve organisational culture. It was planned that the remaining policies would be reviewed and the finalisation of policy processes would conclude so that implementation could take place.

The following policies were developed, reviewed, taken through Council structures, approved and implemented:

- Bereavement policy
- Training and Development
- OHS policies

3.4.12 Occupational Health and Safety

The GSDM aims to ensure effective and efficient management of workplace hazards through the development of an Occupational Health and Safety Policy as well as implementation of OHS programme and management plan. To this end, a draft OHS policy was approved whilst a 100% compliance target was set.

The GSDM managed to attain 90% compliance to the OHS programme and management plan, in terms of preventing and remedying hazards. It was found that the Old Mutual and Voortrekker offices were not complying and a plan is being made to relocate the Municipality operations to other complaint buildings.

3.4.13 Labour Relations

In order to ensure an atmosphere of labour peace across the Municipality, the Labour Relations unit facilitated the implementation of collective agreements labour unions and monthly Local Labour Fora (LLF). The Municipality further aims to attend to 80% of all labour disputes within a month of occurrence.

During the year under review the GSDM managed to hold 8 monthly LLF due to non attendance of organised labour whilst 100% of labour disputes were attended to within a month. The Municipality has since circulated a letter to all stakeholders to encourage consistent attendance going into the next financial year.

The GSDM further circulated 6 Labour Publications to ensure knowledge sharing and to advance the understanding of labour relations processes.

3.5 Disclosures

3.5.1 Municipal Management

	2010	2009
Remuneration of Municipal Manager		
Annual Remuneration including benefits and allowances	955,011	531,763
Car Allowance	72,000	203,063
Contributions to UIF, Medical and Pension Funds	35,513	-
Other	-	15,000
Grouplife	4,017	3,756
Skill levy	9,169	-
	1,075,710	753,582
Remuneration of Chief Finance Officer		
Annual Remuneration including benefits and allowances	746,619	552,759
Car Allowance	72,000	72,000
Contributions to UIF, Medical and Pension Funds	19,886	-
Grouplife	2,652	2,231
Skills Levy	7,485	-
Cellphone	-	12,000
	848,642	638,990
Remuneration of Director Administration		
Annual Remuneration including benefits and allowances	637,009	441,965
Car Allowance	96,000	60,000
Contributions to UIF, Medical and Pension Funds	43,242	-
Grouplife	4,413	-
Skills levy	6,202	2,303
Cellphone	-	10,000
	786,866	514,268
Remuneration of Acting Director Water Services		
Annual Remuneration	579,459	-
Car Allowance	180,027	-
Contributions to UIF, Medical and Pension Funds	13,380	-
Grouplife	3,411	-
Skills Levy	6,268	-
	782,545	-

Remuneration of Director Human Resources

	2010	2009
Annual Remuneration including benefits and allowances	726,073	417,330
Car Allowance	96,000	115,833
Contributions to UIF, Medical and Pension Funds	20,413	-
Grouplife	5,431	1,330
Skills levy	7,512	-
Cellphone	-	12,000
	855,429	546,493

Remuneration of Director Community Services

Annual Remuneration including benefits and allowances	666,401	451,121
Car allowance	111,480	111,480
Contributions to UIF, Medical and Pension Funds	1,461	-
Grouplife	5,431	5,356
Skills levy	7,512	-
Cellphone	-	12,000
	792,285	579,957

Remuneration of Director Technical Services

Annual Remuneration including benefits and allowances	513,489	507,732
Car Allowance	105,820	126,984
Contributions to UIF, Medical and Pension Funds	1,214	-
Grouplife	3,682	1,085
Skills levy	5,791	-
Cellphone	-	12,000
	629,996	647,801

Remuneration of Director Planning and Economic Development

Annual Remuneration including benefits and allowances	598,545	457,394
Car Allowance	92,280	92,280
Contributions to UIF, Medical and Pension Funds	43,461	-
Grouplife	2,283	1,988
Skills levy	6,290	-
Cellphone	-	12,000
	742,859	563,662

Remuneration of Director Executive Mayors' Office

	2010	2009
Annual Remuneration including benefits and allowances	395,082	485,162
Car Allowance	56,000	48,000
Performance Bonuses	83,989	-
Contributions to UIF, Medical and Pension Funds	46,297	-
Group life	5,013	3,793
Cell phone	-	12,000
	586,381	548,955

Remuneration of Director Communications

Annual Remuneration including benefits and allowances	-	519,033
Car Allowance	-	72,000
Performance Bonuses	-	12,000
Grouplife	-	3,767
	-	606,800

Remuneration of Director Strategic Management

Annual Remuneration including benefits and allowances	671,938	473,162
Car Allowance	60,000	72,000
Contributions to UIF, Medical and Pension Funds	75,584	-
Grouplife	2,659	2,364
Skills Levy	6,022	-
	816,203	547,526

Remuneration of Chief Operations Officer

Annual Remuneration including benefits and allowances	462,100	-
Car Allowance	62,250	-
Contributions to UIF, Medical and Pension Funds	78,600	-
Grouplife	311	-
Skills levy	4,556	-
	607,817	-

3.5.2 Remuneration of Councilors

	2010	2009
Executive Mayor	581,311	661,303
Mayoral Committee Members	2,267,937	3,174,016
Speaker	522,433	446,844
Councillors	2,826,117	1,288,773
	6,197,798	5,570,936

Chapter 4: Functional Service Delivery Areas

4.1 Introduction

This chapter provides a comprehensive outline of performance of various departments of the District municipality against performance targets set at the beginning of the year under review. The targets are set following a Service Delivery Budget Implementation Plan (SDBIP) process. In terms Section 53(1) (c) (ii) of the Municipal Finance Management Act (MFMA) No 56 of 2003, the service delivery and budget implementation plan is defined as a detailed plan approved by the mayor of the Municipality for implementing the Municipality's delivery of Municipal services and its annual budget.

The GSDM tracks and reviews departmental performance targets every quarter so that continuous performance management and contingency planning can take place where circumstances deem so. The performance progress reported in this section is drawn mainly from the quarterly reports submitted as part of the continuous performance management system in the District municipality.

The performance progress reports of the Municipality's departments are tabled in the section that follows. The progress on performance targets reported in this section provides recorded results of tracked performance over the year for each functional area. This actual performance outcome is verified through evidence files in line with the Municipality's performance management system. The departments do not only provide a fair and factual assessment of progress against KPIs and targets but also outlines reasons for not meeting targets in a satisfactory manner.

Table 20: SDBIP of the Department of Technical Services

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Installation of bulk water and sanitation infrastructure	To provide acceptable, sustainable water services to RDP standard.	WATER: Bulk-10 Construction - 2 Design Stage		Water Completion of 8 Bulk projects			
		1 330 hh more receiving water	3 812 hh provided with water on RDP level.	1,500 hh receiving water			
				Nkadimeng WTW	Progress at 97 %	3% below target	Contractor experiencing cash flow problems and behind schedule.
				3 Ml res	Progress at 97 %	3% below target	Contractor experiencing cash flow problems and behind schedule

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				BWS Marulaneng to Mphanama	Progress at 99 %	1% below target	Will only be functional after completion of command res (June 2010) Contractor is not motivated to complete the work
				500 kl res at Maila Mapitsane	Progress at 95 %	5% below target	Contractor experiencing cash flow problems and behind schedule Contractor abandoned site for 4 weeks
				Maila Mokadi Retic	Progress at 99 %	1% below target	Busy with pipe testing

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				Bulk supply to Maila Moshate, bulk supply and reservoir to Maila Mokadi	40%	60% below target	Contractor inexperienced and behind schedule
				Maila Moshate and Diping BWS, Reticulation and Reservoir	Progress at 90 %	10% below target	Terrain rocky
				BWS to Maila Segolo, Res and retic	Construction progress 87 %	13% below target	Contractor not adhering to SANS 1200 and not adhering to committed time lines
				Reticulation for Maseleseleng	Progress at 98 % Testing to start	2% below target	Contractor behind schedule

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		To increase storage capacity to 48 hr's	851 hh provided with water to full level.	To complete the bulk pump line	Construction at 100 % Pumps installed	None	None
		Bulk line functional and pumping water		To complete bulk supply to Syferfontein	Construction 99 %	1% below target	Project can only be commissioned after ESKOM electric supply, Received quotations from Eskom
				Pump station at Groblersdal, Tafelkop and Nkadameng	100% complete	Not fully achieved due to lack of electricity	Electricity supply outstanding
		Bulk line functional and pumping water		Tafelkop - Nkadameng BWS	Construction 95 % Testing outstanding	5% below target	Can only test after the pump stations are complete and commissioned

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
							d
		Bulk line functional and pumping water		5 Ml reservoir	Construction 80 %	20% below target	Portions of remedial work has been done
		2 053 hh more receiving water	10 815 hh provided with water on RDP level.	12 868 hh receiving water			
				BWS to Tswereng and Mohlaletsi(2 x 200 kl res, 4 x 600 kl res , 2.75 kl res and 1 pumpstation)	Construction 100 %	Not fully achieved	Contractor behind schedule

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				BWS to Sekhukhune College , Ga-Matlala and Thabanyaseso) 1xPumpstation , 3 x 600 kl res and 1 x 2.75 Kl res)	Construction 89 %	11% below target	Contractor behind schedule
				BWS to Strydkraal	Construction 100 %	Not fully achieved	Project will only be functional after completion of pump station (Tender closure 12 March 2010 , Construction period = 15 weeks)

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Construction of Bulk line to the value of R 70 mil	There is 5 013 HH under RDP level of service	Completion of design and construction of phase 1	Investigation complete	Not fully achieved	High projected cost R49 240 000
		Construction of Bulk line to the value of R 24 mil	To augment Nkadimeng scheme with De Hoop Bulk water	Completion of designs and EIA	Preliminary designs complete	Not fully achieved	Can only be implemented after completion of 10 MI res at Jane Furse
		Construction of Bulk line to the value of R 32 mil	20 461 HH to receive water from bulk distribution	Phase 1A: Construction of 33 km 450mm diameter Steel Pipeline and two pump stations from the Steelpoort River to Jane Furse.	Preliminary designs complete	Not fully achieved	Can only be implemented after completion of 10 MI res at Jane Furse

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Construct a 33 km Pump main and 2 pump stations	To augment Vergelegen dam with De Hoop Bulk water	Construct a 33 km Pump main and 2 pump stations	Progress at 85 %	15% below target	Additional funding required to construct a detour at Jane Furse crossing
		Construct 1 regional WTW and bulk lines	To supply 39 567 hh with bulk water from Loskop Dam	Completion of preliminary designs for WTW and bulk lines	Study 100 % complete	None	Cost of project estimated at R 382 375 000
		Construct a 19 km pipeline from Mooihoek WTW to Burgersfort	To Supply water to 28 900 from Mooihoek WTW	Construct phase 2 (8 km pipeline)	Construction 13 %	87% below target	Contractor behind schedule
	To construct water purification facilities that are SANS compliant.	Designs in place. Construction scope fully implemented to SABS 1200.	4 WTW to be constructed	2 * WTW Under Construction and 2 Design Stage			

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Completion of a 10.5 Ml a day WTW	To purify water for Jane Furse and Nebo Platue	Completion of design	Project on design. Ready for tender	Not achieved	DWAE to construct bulk line
		To refurbish components at WTW	To refurbish components at WTW	To refurbish components at WTW			
		Completion of a 36 Ml a day WTW	To purify water for Burgersfort and surrounding villages	Completion of phase 1 (12 Ml a day WTW) Mechanical and electrical	Civil work at 95% Expected completion May 2010 Mechanical and Electrical Contractor appointed	5% below target	Contractor inexperienced and behind schedule
		Completion of a 3 Ml a day WTW and 6 kl reservoir	To purify water for Steelpoort	Completion of a 3 Ml a day WTW and 6 kl reservoir	Progress 96 %	4% below target	Experiencing delays in supply of mechanical components

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To supply basic level of Water Services	WATER: Bulk-10 Construction - 2 Design Stage Retic 12 On construction and 12 Design stage WTW 2 Under Construction and 2 Design Stage		Completion of 8 Bulk projects and 12 retic			
		Installation of reticulation to RDP level	To supply 1 641 HH wit basic water	Commission and test of reticulation and community receiving water	Not implemented	Not achieved	Bulk has to be upgraded to supply Legolaneng, Sephakhu ,Luckau and Kgapamadi
		Installation of reticulation to RDP level	To supply 2 101 HH wit basic water	Commission and test of reticulation and community receiving	Construction 100 %	Not achieved fully	Can only be commissione d after completion of Groblersdal-Luckau

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				water			
		Installation of reticulation to RDP level	To supply 2 101 HH wit basic water	Commission and test of reticulation and community receiving water	Construction 100 %	Not achieved fully	Can only be commissioned after completion of Groblersdal-Luckau
		Installation of reticulation to RDP level	To supply 5 298 HH wit basic water	Construct water reticulation and Community receiving water	Project complete	None	None
		Installation of reticulation to RDP level	To supply 4 867 HH wit basic water	Construct water reticulation and Community receiving water	Project complete	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Installation of reticulation to RDP level	To supply 40 HH wit basic water	Construct water reticulation and Community receiving water	Project is complete and handed over Close out report submitted	None	None
		Installation of reticulation to RDP level	To supply 452 HH wit basic water	Construct water reticulation and Community receiving water	DWAE technical report approved	None	None
		Installation of reticulation to RDP level	To supply 452 HH wit basic water	Construct water reticulation and Community receiving water	DWAE technical report approved	None	None
		Installation of reticulation to RDP level	To supply 40 HH wit basic water	Construct water reticulation and	Project not implemented	Not achieved	No budget

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				Community receiving water			
		Installation of reticulation to RDP level	To supply 78 HH wit basic water	Construct water reticulation and Community receiving water	Project not implemented	Not achieved	No budget
		To implement water demand management		To finalise designs (Pending finalisation of town Plan)	On hold	Not achieved	Town planning to be finalised to determine supply zones
		Installation of reticulation to RDP level	To supply 62 HH wit basic water	Construct water reticulation	Project not implemented	Not achieved	No budget
		Installation of reticulation to RDP level	To supply 2964 HH wit basic water	Construct water reticulation (Supply 450 HH)	Contractor appointed (DWAE funding R 3,5 million) Site established	Not achieved fully	

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Installation of reticulation to RDP level	To supply 1 730 HH wit basic water	Construct water reticulation			
		To implement cost recovery	To install cost recovery systems to 250 HH	To install cost recovery systems to 250 HH	Water meters vandalised	Not achieved	Water meters vandalised
		To implement cost recovery	To supply 957 HH with water up to yard connections	To install cost recovery systems to 74 HH	Project complete	None	Portion of village not covered due to migration into village
		Replace of AC pipes in Marble Hall	Replace of AC pipes in Marble Hall due to leakages	Replace of 400 m AC pipes in Marble Hall	Project not implemented	Not achieved	No funding
		Installation of reticulation to RDP level	To supply 644 HH wit basic water	Construct water reticulation	Busy with design	Partial achievement	No funding
		Installation of reticulation to	To supply 109 HH wit basic	Construct water	Busy with design	Not fully achieved	No funding

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		RDP level	water	reticulation			
		Installation of reticulation to RDP level	To supply 6 300 HH wit basic water	Construction , Testing and commission 100%	Project complete	None	Water demand management to be implemented
		Installation of reticulation to RDP level	To supply 87 HH wit basic water	Construct water reticulation		Not achieved fully	No funding
		Installation of reticulation to RDP level	To supply 250 HH wit basic water	Construct water reticulation	Busy with design	Not achieved fully	No funding
	To purify Waste Water to sans 214 standards	WWTW- 3 design stage	To treat effluent up to an acceptable DWAF standard	Completion of 1 WWTW and completion of designs for 2 WWTW			
				Letebejane, Jerusalem, Sephaku and	1634 Units completed Close out report	None	High unit cost (R 10 710 @ unit)

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				Stomp	submitted		
		Refurbish WWTW	To refurbish the WWTW	Completion of refurbishment	Under construction 75% complete	25% below target	None
		Upgrade WWTW to a 2,4MI WWTW	To extend the WWTW with an additional 2 MI	Construction of extension to WWTW	Refurbishment done under Operations and Maintenance by Lepelle	Partial completion	Sewer works needs to be relocated
	To supply a basic level of service for water borne sanitation.	Sanitation : Bulk 3 Design stage ; Retic 2 Design stage and 1 Under construction ;		Sanitation Completion 1 Outfall sewer line and 2 villages reticulated			
		To assess and rectify lvi's in sewer lines	Sewer system non functional due to design problems	Rectification of sewer system	Busy with design	Partial achievement	No funding

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Functional system	To supply water borne sanitation to SAPS	Functional system	Busy with design	Partial achievement	No funding
		Functional system	Sewer system not defined (Pending town planning)		1180 pits have been excavated. 1180VIP's have been completed 100 % complete	Partial achievement	Ground water protocol was not properly done
		To upgrade outfall sewer line	To accommodate 643 HH in Marble Hall	Project completed and functional	Project not implemented	Not achieved	No funding
		To refurbish outfall sewer line	To accommodate 495 HH in Moganyaka	Project completed and functional	See Moganyaka WWTW		
	To provide basic sanitation to rural households	Sanitation : VIP - 6 Under construction and 11 Design	To reduce the backlog by 4 %	Sanitation Completion of 9097 units for			

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	settlements.	stage		households.			
Roads and Storm Water	Provision of roads	Designs in place for future projects. Roads constructed to SARF standards.	200 km back lock on surfaced roads	100% project scope implemented			
		4km of road upgraded from gravel to surfaced standard and a bridge.	Designs in place and finalised.	4km of road upgraded from gravel to surfaced standard and a bridge.	Construction progress is at 47%	53% below target	Contractor is not adhering to the programme. Contractor has cash flow problems. Project should be completed around May 2010. Operations.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		2.4 km road upgraded from gravel to surfaced standard	50% construction completed.	2.4 km road upgraded from gravel to surfaced standard	Construction progress is at 92%	8% below target	The project is delayed due to lack of experience by the Main Contractor.
		A new 4 km gravel road and a low level bridge constructed.	5% construction completed.	A new 4 km gravel road and a low level bridge constructed.	The project is complete	None	None
		2.0 km road upgraded from gravel to surfaced standard	Designs in place and finalised.	2.0 km road upgraded from gravel to surfaced standard	Construction progress is at 81 %	19% below target	Lack of funding
		1.65 km of block paved street constructed.	60% Of construction completed.	1.65 km of block paved street constructed.	Construction progress is at 94 %	6% below target	Unforeseen ground water delayed the progress

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		3.75km of gravel road surfaced and provided with stormwater.	65% Of construction completed.	3.75km of gravel road surfaced and provided with stormwater.	The Project is 100% complete	None	No funding for appointment of PSP designing and construction of the stormwater reticulation.
		2 bridges constructed.	20% Of construction completed.	2 bridges constructed.	Construction progress is at 95%. Phase 2 project is on evaluation stage.	5% below target	None
		1.5 km gravel road and a bridge constructed.	None - A new project	1.5 km gravel road and a bridge constructed.	The project is on design stage	Not fully achieved	Inadequate funding to implement the project

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		100 % 1st phase completed. 2.3 km os phase 2 gravel road upgraded to surface standard.	80% of 1st phase construction completed.	100 % 1st phase completed. 2.3 km os phase 2 gravel road upgraded to surface standard.	Phase 1 is 100% complete. Phase 2 is at 18% progress.	82% below target for phase two	Inadequate funding to complete phase 2
		60 m span bridge completed.	Designs in place and finalised.	60 m span bridge completed.	The project is completed.	None	None
		2. Km of gravel road upgraded to surfaced standard.	90% construction completed.	2 km of gravel road upgraded to surfaced standard.	Construction progress at 95 %	5% below target	Quality of work not satisfactory,
		5.6 km of gravel road upgraded to surfaced standard.	65% construction completed.	5.6 km of gravel road upgraded to surfaced standard.	The project is complete	None	Stormwater challenges on the houses along the road, as well as the water coming from the streets

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
							joining in to the road.
		1. 100% of 1st phase completed. 2. 2.3 km of phase 2 gravel road upgraded to surface standard.	50% of 1st phase construction completed.	1. 100% of 1st phase completed. 2. 2.3 km of phase 2 gravel road upgraded to surface standard.	Phase 1 is complete. Phase 2 is at 25% progress.	Phase 2 is 75% below target	Inadequate funding to complete phase 2
		1.5 km paved street constructed.	Designs in place and finalised.	1.5 km paved street constructed.	Construction progress at 87 %	13% below target	Existing services that were not declared as well as unforeseen underground water are causing a delay.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		2. Km of gravel road upgraded to surfaced standard.	None - New project	2. Km of gravel road upgraded to surfaced standard.	The project is on design stage	Partially achieved	Inadequate funding to implement the project
		5.6 km of gravel road upgraded to surfaced standard and 2 bridges.	5% construction completed.	5.6 km of gravel road upgraded to surfaced standard and 2 bridges.	Construction progress is at 55%	45% below target	Funds not committed for phase 2 (Storm water Structures)
		4.5 km of gravel road upgraded to surfaced standard.	None - New project	4.5 km of gravel road upgraded to surfaced standard.	The project is on design stage	Not fully achieved	Inadequate funding to implement the project
	To maintain roads to a required std	To purchase construction plant	2 x Personnel in place	Purchase 2 graders, 2 TLB, 2 Tipper Truck, 1 Roller and 1 Water cart.	The tender for purchasing of plant is at evaluation stage. The Contractor for upgrading of Marble Hall streets is at 80%	Not fully achieved	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					progress		
	Planning for future projects(Roads)	Designs in place	Roads Master Plan in place.	Designs in place for implementation for 2010/11 financial year	Consultants are appointed on two roads in Moutse and one road in Tubatse and are currently in design	Partially achieved (Work in progress)	Inadequate funding to implement the projects
Transport Planning and regulation	Ensuring proper planning and regulation of transport	Ranking Facilities Management Plan and Non-Motorised Transport Plan (Phase 2) completed	Ranking Facilities Management Plan and Non-Motorised Transport Plan (Phase 2) at 10% progress	Ranking Facilities Management Plan and Non-Motorised Transport Plan (Phase 2) completed	The Ranking Facilities Management Plan is at 75% Progress. The Non-Motorised Transport Plan (Phase 2) is at 98% progress.	25% below target for ranking facilities 2% below target for Transport plan	Inconsistent attendance of stakeholders to the project meetings

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Transport and Solid Waste	To provide public facilities to meet the communities' basic and developmental needs, as well as enhancing LED	100 % completion	2 land fill sites and 1 Taxi Rank and 1 Sewing facility	<ul style="list-style-type: none"> 2 land fill sites and 1 Taxi Rank and 1 Sewing facility constructed 	<ul style="list-style-type: none"> Landfill site to go on tender, Tsimanyane Taxi Rank is at 85% progress Jabulani sewing project is at 90%, and. Ga-Nkwana Sports Complex is at 30%. 	<ul style="list-style-type: none"> Landfill site partially achieved 15% below target for Taxi Rank 10% below target for sewing project 	Inadequate funding for the Sewing Facility and Taxi Rank and the Sports Complex.
Electricity provisioning	Provision of electrification to reduce the backlog	1. Magakala Electrification in Tubatse completed. 2. Electricity High Power line relocated in Marble Hall.	1. 75% of Magakala project in Greater Tubatse completed.	<ul style="list-style-type: none"> Magakala Electrification in Tubatse completed. Electricity High Power line relocated in Marble Hall. 	<ul style="list-style-type: none"> Magakala Electrification is complete. The project for Marblehall relocation of MV LINE has been handed over to Eskom. 	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
People skills development	To implement 10% of the budget towards EPWP components.	100% of infrastructure projects having EPWP component and 9 learners completed Phase 3 Learnership Programme and reporting on monthly basis to the province	80% of the infrastructure projects have EPWP component and 9 Learners completed Phase 2 Learnership Programme.	<ul style="list-style-type: none"> • 100% of infrastructure projects having EPWP component and • 9 learners completed Phase 3 Learnership Programme and • Reporting on monthly basis to the province 	<ul style="list-style-type: none"> • 75% of the infrastructure projects have EPWP components • All 9 Learner Contractors are appointed on the projects. and • The monthly EPWP reports are forwarded to the province. 	None	None

Table 21: SDBIP of the Department of Water Services

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Asset Management	Capacitate the Water Services Department	Water Services Business Plan and Organogram in place	A well equipped and resourced Mechanical and Electrical Workshop in Uitspanning established. Mentoring of artisans. General operations and Maintenance. Operationalising Delegations of authority, Service Level Standards and regional Stores. Develop and compile operating	Availability of a well equipped and resourced workshop in Uitspanning	<ul style="list-style-type: none"> Professional service provider appointed. Completed gap analysis and interventions. All artisans equipped with tools. Pilot projects kick started at Fetakgomo and Makhuduthamaga. 	Not fully achieved	Insufficient funds to fully equip the Workshop at Uitspanning

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
			manuals and procedures for pumps and Works				
Development of skills of its staff	Capacitate the water services staff	Skills Audit Report	Assessment of Treatment works officials' skills and registers them. Identification	Registered Treatment Works personnel,	<ul style="list-style-type: none"> ERWAT appointed to conduct training. 39 Water Treatment Works 	Not fully achieved	Insufficient funds

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
			and Report on Training and Development	Annual training report that Complies to SDA and SDLA	personnel registered and trained		
Development of administrative systems	Gender Mainstreaming	Draft Gender Mainstreaming Strategy in Place	Implementation of the Gender Mainstreaming Strategy	Council Approved and implemented Gender Mainstreaming Strategy	<ul style="list-style-type: none"> • Municipal Support service provider appointed. • Funds secured. • Aligning of the strategy with council policies in process 	Not fully achieved	Delay in the process of aligning Gender Mainstreaming Strategy with council policies
Customer Care	Ensure community liason	Drafts and incomplete Water Services master plans in place	Efficient and sustainable water service institutions established	Capacitate Water Services to carry out its mandate of service delivery effectively	<ul style="list-style-type: none"> • Water By-Laws sent to the province for gazetting. • Water Policy approved by council. 	Not fully achieved but great progress made against target	Addressing other issues raised by DLGH

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Development of administrative systems	Service Delivery Improvement Strategy	Copies of Water Service Charter with Service Standards	Improve and enhance water service delivery	Develop the Service Charter and Service Standards	Service Standards approved by council.	None	None
Customer Care		Draft Batho Pele Policy available	Copies of Basic Water Service Communication Strategy	Establish Basic Water Service Communication Strategy	Draft communication strategy developed.	Target not get achieved	Delays in the finalising the inputs
Customer Care		Batho Pele committee members trained	30% of water services staff trained	Train 30% of water services staff about Batho Pele principles	Sixty (60) Water Services Management staff trained on Batho Pele principles	Not yet achieved	Budgetary constraints
Distribution and Networks Planning	Infrastructure Planning and Regulation	Draft Document 95% Completed	A final, approved and implementable WSDP document.	Review, finalise and obtain council approval of WSDP (now a draft)	WSDP reviewed and finalised.	Not fully achieved	Delayed by DWA on the finalisation of Budgets.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Organisational Development		Waster Services Master plan in place. Planet GIS in Place, PMI Drawings	A comprehensive e-drawing office available on the intranet, DIMS or any form of information management system	Establishment of the Water Services e-Technical Drawing Office to be accessible (through rights) on the intranet, DIMS or Corporate GIS System	e-Technical Drawing Office under construction by Planning and Economic Development	Not fully achieved	Arc GIS server cannot be accommodated by the existing GIS server
Organisational Development		Waster Services Master plan in place. Planet GIS in Place, PMI Drawings	A comprehensive standard drawings document (hard and electronic)	Facilitate the development of standard construction drawings and tender Docs for the WSPs	Draft Standard WSA Construction Drawings	Not fully achieved	Lack of Internal capacity
Water Services Provisioning and maintenance	To Ensure Basic Service Delivery	73 000 Metered Indigent households are currently supplied.	Metered Indigent Households are provided with FBW	Maintain supply to 1000 hh indigents Out of 73 000 metered households	<ul style="list-style-type: none"> SLAs signed with EMLM, GMLM and GTM EMLM, GMLM and GTM provide 6kl free water to indigent 	Not yet fully achieved	Indigents are not identifying themselves in the urban areas.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					household.		
		Supply 60 000 Indigent households under Service Level targeting approach.	Fuel /Electricity purchased to supply indigent 60 000 hh under SLT approach.	Maintain supply of Fuel/Electricity to supply 60 000 indigent hh	<ul style="list-style-type: none"> • Payments of all electricity accounts and purchasing of diesel done monthly. • New service providers appointed and the supply of diesel continuing 	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Supply 35 000 Households without services or Infrastructure with tankering Water.	35 000 Households supplied with water through tankering.	Maintain supply of water through tankering to Households without infrastructure or services. This has Reduced from 55 000 Households From 08/09 To 35 000 Households in 09/10 due to infrastructure investment.	<ul style="list-style-type: none"> • 235 villages were initially supplied by tankers. • All Water Tankers Service Providers terminated. • Tankering done through six leased trucks and four SDM owned trucks. 	None	Budget constraints
		Provision of Retail Water to 56 500 Households through Lepelle Northern Water	56 500 Households provided with Retail water through Lepelle Northern Water	Maintain Provision of Retail Water to 56 500 HH by LNW	GSDM is paying Lepelle Northern Water for the provisioning of potable water to all Flag Boshielo villages.	None	No proper indigents register. Consumers still paying accounts to Lepelle Northern Water. No invoice received

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
							form LNW.
Water Services Provisioning and maintenance	To Basic service delivery and infrastructure investment	16 Water Services Infrastructure projects are ready for Refurbishment and 12 WSI investigations to be conducted.	16 projects refurbished and 12 investigations concluded.	16 projects completed by June 2010 and 12 investigated as well.	Thirty nine (39) refurbishment completed and operational	Target exceeded	None
		4 Existing DWAE projects and 8 New projects are ready for Refurbishment in all 5 Regions.	4 existing projects and 8 new projects refurbished.	All 12 DWAE projects completed in June 2010	The refurbishment projects for financial years 2007/2008 and 2008//2009 are all completed and operational. The five (5) current (2009/2010) projects are under	Not fully achieved	Limited funding

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					construction.		
		Infrastructure Asset Management Plan is 90% completed. Operations and Maintenance Backlog Status Quo reports are in place for each depot area. Tender for procuring fleet is developed	Operations and Maintenance backlog to 55 communities of the District eliminated and Operations and Maintenance provided with Fleet requirements for the value of R11.1m	Eliminate operation and maintenance backlog in 55 Communities. Provide Operations and Maintenance Fleet to the value of R11.1m and Implementation of preventative maintenance plans	<ul style="list-style-type: none"> • Status quo of infrastructure in the regions completed. • Routine maintenance team established and standard operating procedures developed. 	Not fully achieved	<ul style="list-style-type: none"> • Shortage of resources. • Insufficient funding. • Dilapidated infrastructure

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Water Demand Management Strategy is in place recommending meters to be audited and replaced.	700 Consumer meters installed or replaced	Installation or replacing of 700 consumer meters	<ul style="list-style-type: none"> Consumer meter audits completed. 646 meters replaced and 129 new meters installed 	Target exceeded	None
		Provision of Bulk Water to 36 500 Households from JS Moroka LM	36 500 Households provided with Bulk water from JS Moroka LM	Maintain Provision of Bulk Water to 36 500 HH by JS Moroka LM	Monthly meetings held with Dr JS Moroka LM to monitor the implementation of SLA before payments can be made.	Not achieved fully	<ul style="list-style-type: none"> Inadequate supply of water by Dr JS Moroka Inadequate funding from DWA
Water Services Provisioning and Maintenance		Bulk Water Master plan in place.	31 Plants Efficiency and Production Status assessed.	Plant efficiency and production reports for 31 Plants.	All WTW and WWTW were assessed and 12 registered.	Not fully achieved	Shortage of personnel

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Inventory of Unlicensed and unclassified water treatment plants.	31 Water and Waste Water Treatment Plants classified and licensed	Classification and licensing of 31 plants.	<ul style="list-style-type: none"> • 9 WTW registered/classified. • Collecting data to register the remaining 4 WTW. • 15 water treatment plants are equipped with sampling taps. 	Not fully achieved	Lack of Data
		Treatment Plant assessment report is in place.	31 Water Treatment facilities equipped with adequate and accessible water quality sampling points.	Ensure that Water Quality Infrastructure comply with DWAE standards and OHSA in all 31 Plants	<ul style="list-style-type: none"> • The data is updated weekly on the blue drop system. • Interventions taken on non-complying water quality results 	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Water Services Provisioning and Maintenance		Water quality monitoring programme in place.	Water Quality in all 31 Plants and 600 Network Sampling Points in all 11 Schemes improved.	Maintain monitoring of 31 Plants and 600 network sampling points	Monthly 300 sampling points' water quality tested.	Not fully achieved	None
		DWQMS Data Base	Drinking Water Quality Management System managed and monthly reports produced	Monthly updating and reporting from DWQMS	Weekly and monthly reports generated on the Blue Drop System	None	None
		Asset register is in place	A Completed and implementabl e WQRAR	Develop Water Quality Risk Assessment Report for 11 Water Schemes	Draft asset register was developed.	Not achieved	Lack of internal capacity

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Draft Feasibility Report	An Accredited District Laboratory Service feasibility report developed.	Final recommendations for the Accredited Lab Establishment	Draft Business plan and feasibility study in place	None	None
Water services Provisioning and Maintenance		Meter Inventory, Connection Application Forms	700 Consumer meters installed or replaced	Installation or replacing 700 consumer meters	<ul style="list-style-type: none"> Consumer meter audits completed. 646 meters replaced and 129 new meters installed and 32 bulk business meters installed 	None	None
		Demand management strategy and WSDP.	80 Bulk meters installed or replaced	Facilitate the installation or replacement of 80 bulk meters	<ul style="list-style-type: none"> Audit of bulk meters completed. 141 meters audited, inspected and numbered. 26 bulk meters replaced. 	Not fully achieved	shortage of personnel

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Demand management strategy and WSDP.	Water losses reduced by 10% throughout the district	To reduce water loses by 10% throughout the district	Leaks and burst pipes attended, Bulk meters installed at the purification plants	Not fully achieved	Insufficient funding
Asset Management	Ensure financial viability and management	SCM Policy is in Place	Fleet for the Operations and Maintenance Division (70 Vehicles and trucks) and additional WSA offices acquired	Report on the acquisition and management of fleet. Report on Facilities procurement	The appointed PSP failed to supply. Project re advertised and at adjudication stage	Not achieved	Appointed Fleet PSP Failed to deliver
Development of administrative systems		Municipal Finance Acts, Policies and by-laws, Water Services Division Financial Model	Financial Support to Water Services Division. Fleet and Facilities Management. Developing a ring fenced WSA/WSP financial	Maintain a ring fenced water services financial reporting.	<ul style="list-style-type: none"> • Payment of rented vehicles done monthly. • Processing of purchasing invoices. 	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
			reporting				
Communication	Community Liaison	Annual Awareness programmes in place	12 Awareness campaigns conducted	Improvements in health and significant reductions in water-related diseases such as cholera and diarrhoea	16x Theft and Vandalism and 13 illegal connections programmes held. 8X Health and Hygiene awareness campaigns	None	None
Legal Administration	Management of WSP Contracts	Signed SLA In Place, Infrastructure Asset Management Plan is almost 90% completed.	Monitor LNW Implementation Contract Bulk Contract (Flag Boshielo and Ngwaabe)	Maintain the management and monitoring of Bulk service level agreements with LNW	<ul style="list-style-type: none"> Meetings held monthly. Water readings taken on a monthly basis 	Not fully achieved	Budget constraints to cover O and M costs

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Signed SLA In Place, Infrastructure Asset Management Plan is almost 90% completed.	Monitor LNW Implementation Retail Contract (Burgersfort, Steelpoort, Ohringstad and Praktiseer)	Maintain the management and monitoring of Retail service level agreements with LNW	<ul style="list-style-type: none"> Meetings held monthly. Water readings taken on a monthly basis. Task team established to finalise the takeover process 	Not fully achieved	Budget constraints to cover O and M costs
		Signed SLA In Place, Infrastructure Asset Management Plan is almost 90% completed.	Monitor EMLM Implementation Retail Contract (Groblersdal, Motetema, Roosenekal)	Maintain the management and monitoring of Bulk R Retail service level agreements with EMLM	(1) SLA signed. (2) Meetings held monthly	Not achieved fully	Non attendance and compliant to SLA
		Signed SLA In Place, Infrastructure Asset Management Plan is almost 90% completed.	Monitor GMH Implementation Retail Contract (Marblehall, Leeufontein and Elandskraal)	Maintain the management and monitoring of Bulk and Retail service level agreements with GMHLM	(1) SLA signed (2) Meetings held monthly	Not fully achieved	Non attendance and compliant to SLA

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		The amount of R 270.1million has been allocated for basic services.	Monitor and advise Technical Dept with the implementation of Water Services Capital Projects to provide water services infrastructure to 28 000 HH (water) and 10 000 HH (sanitation)	Provision of services infrastructure to benefit 28 000 HH (Water) and 10 000 HH (sanitation)	as reported by PIU	None	None
		WSDP, SLA,	Develop Project Implementation Contract with LNW, PIU and Developers	A completed project implementation contracts with LNW, PIU and Developers	Lepelle Northern Water - SLA under implementation.	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Draft Policy and By-Law in Place	Review, finalise and obtain council approval of Policy and By-Laws (now a draft). Gazette by-laws and promulgate	A promulgated water policy and by-laws	<ul style="list-style-type: none"> Water By-Laws sent to the province for gazetting. Water Policy approved by council. 	None	None
		FBS Policy, FBS Strategy, Environmental Management Policy, WD/WC Strategy	Review, finalise and obtain council approval of Policies and Strategies	A council approved policies and Strategies	Gender Mainstreaming strategy, Water Demand management strategy and policy, Free Basic Sanitation policy and sanitation strategy and environmental policy are in the process to be aligned and reviewed	Not achieved fully	Policies not aligned with GSDM Policies

Table 22: SDBIP of the Department of Community Services

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To have a cleaner, safe and sustainable air quality within the district	Draft Air Quality Management Plan approved by Council and implemented	Draft Air Quality Management Plan in place	To have Air Quality Management Plan approved by Council	AQMP has been approved by Council for implementation. Licensing will be performed by DEAT Limpopo while SDM builds capacity	None	None
		Air Quality Management and weather Station Developed	To have the weather and AQM station developed.	To have the AQMP implemented	Though the bid was submitted to SCM in November 2009 it was advertised in July 2010	Not fully completed	Delay by SCM processes
	To maintain cleaner, safe and sustainable environment.	To maintain cleaner, safe and sustainable environment in Makhuduthamaga Local Municipality.	Integrated Waste Management Plan in place	Maintain operations of Jane Furse Land Fill site.	The landfill site operation is progressing well.	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		To maintain cleaner, safe and sustainable environment in Elias Motsoaledi LM	Integrated Waste Management Plan in place	Elias Motsoaledi (Groblersdal) Landfill site permitted	Scoping and EIA reports have been forwarded to DEAT for issuing of Record of Decisions and licence.	Not yet achieved	The process is taking time due to many departments it must go through.
	To maintain cleaner, safe and sustainable environment	To maintain cleaner, safe and sustainable environment in Hlogotlou	Integrated Waste Management Plan in place	To have the Hlogotlou CWDC functional	A service provider has been approved and is on site. Draft scoping and EIA reports have been sent to DEAT for approval.	Project not yet concluded	Delay in Supply processes impacted negatively on the project.
	To prevent Pollution of both air, land and environment	To conserve land through tree planting.	Have the comprehensive project plan in place and piloted planting trees in all 5 LMs.	To roll out the plan and have the trees planted in various parts of the District	50 trees have been planted in various clinics and health centre e.g. Strydkraal clinic, Phaahla clinic, Nchabeng Health Centre, Marishane clinic, Setlaboswane Clinic and Mampana Clinic, Mashabela Clinic and Nkoana	Trees planted but comprehensive performance data not available	Data collection by Elias Motsoaledi, Ephraim Mogale and Makhudutha maga local municipalities is being

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					<p>Clinic.</p> <p>Over and above the District Talafatsa we have in partnership with public works launched the greening Limpopo project at Jane Furse Comprehensive on the 18th of March 2010. Fifty people have been employed at R65.00 a day up to end of April 2010 and 50 indigenous trees planted in Jane Furse Hospital.</p>		delayed.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To preserve and protect the environment against all hazards.	Awareness Campaign programme developed and implemented in all 5 LMs.	MHS Strategy is in place	Capacitate all 5 LMs on the implementation of MHS.	The MHS personnel have been seconded to GSDM through a Council Resolution since 30th March 2010. 5 EHP's have been and are still capacitated in AQMP. Two EHP's have been workshopped on EPWP food for waste.	None	None
	To have all the necessary MHS equipments in place.	Municipal health Equipments purchased and distributed.	Budget provided for the f/y	To secure the basic tools for efficient implementation of the function.	List of equipment finalised and submitted to procurement.	None	None
	To have the environment protected especially with the siting of new cemetery sites.	1. Pilot cemetery upgrading (Nkwana), 2. Fencing of Waalkraal Cemetery in	DEAT report available.	Pilot Ga-Nkoana grave-site fully developed and upgraded. Waalkraal in Mutse cemeteries	Twelve of the projects have been completed. Ga-Masha and Kgomo tsa Mafisha is still work in progress.	Not fully achieved	Ga-Nkoana cemetery project was rejected by the Nkoana tribal authority.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Moutse and others.		fenced.			
	To have HIV and AIDS reduced	Implement HIV and AIDS mainstreaming programme	Strategy available	Roll out mainstreaming strategy.	5 local Aids Councils have launched.	None	None
	To development Systems, Policies and by-laws	Draft Municipal Health Services By-law approved by Council and implemented.	Draft Municipal health services by law in place	To implement the by-law.	The MHS by-law was presented to management on the 20th May 2010 and was referred back for more additional inputs.	Not yet achieved	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	Improving institutional support for sport, arts and culture Councils.	Sports, Arts and Culture Council meetings held as per program.	Sports, Arts and Culture councils established in the district and Local Municipalities.	To co-ordinate 4 Sports, Arts and Culture Council meetings per year.	Four district sport and recreation and arts and culture council meeting were held. Two provincial sport and recreation council meeting were attended.	None	None
	To develop communities in sports through mass participation.	Executive Mayor's Marathon for 5km and 21 km held in the 1st quarter.	2008 Executive Mayor's 5km, 10km and 21 km Marathon was held in August.	To have mass participation in the Executive Mayor's Marathon.	560 athletes participated at the Executive Mayor's Marathon held in August 2009 at Hlogotlou Stadium.	None	None
		District Executive Mayor's cup to be held in the 2nd quarter.	2008 District Executive Mayors Cup for netball, male and female soccer, softball and table tennis	To have mass participation in implementing Mayor's cup.	Executive Mayor's Cup build up activities started from 11/04/2010 with 24 teams participating. The finals were held on 1st and 2nd May 2010 at Ntwampe	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
			held.		Sport ground.		
		Successful implementation of both Club Development and Mass Participation Programmes.	Held sections for O.R Tambo games and club development for the Provincial Teams. Co-ordinated Mass Participation festival.	Both Club Development and Mass Participation Programmes implemented by Dec 2009.	District Club development successfully held in Tubatse in August 2009 and selected team participated at the province in Dec 2009. District Indigenous games were successfully held on 12 June 2010 and the selected team will represent the district Provincially 21-22 August 2010 at Bela Bela Local	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					Municipality.		

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To support 4 District Federations (SAFA, Netball, Table Tennis and Softball) in the district.	The 4 District Sports federations (SAFA, Netball, Table Tennis and Softball) affiliated and functional.	Activities for soccer, netball, table tennis and softball successfully held.	To have league for each federation played	Softball tournament was held at Glen Cowie sport field. SAFA provincial knockout were held at Modimolle with the district represented by Matlopo FC from Tubatse. U/19 and 21 netball participated at the national tournament with one athlete selected to part of the national team.	None	None
	To develop qualified coaches, referees and umpires within the district.	2 x Capacity building workshops held for Netball and Soccer.	Capacity building workshops for 70 level zero Netball Umpires and Soccer referees plus coaches	Capacity building workshops for 100 levels 1 Netball and Soccer Umpires and referees trained.	22 Referees were capacitated and certificated in level 1 and zero. Phase one for 51 coaches Course organised and awaiting results.	Not fully achieved	Insufficient Funds

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
			completed.				

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To create Awareness, Opportunities and Quality Development for 2010 world Cup	World Cup Activities organised through Awareness Campaigns, Mass Participation and Capacity Building Workshops.	2010 World Cup Legacy Programs in partnership with FNB are being implemented.	Maintain implementation of 2010 World Cup Legacy Programs.	Conducted trials with Orlando Pirates. Coaching clinics were successfully conducted by Orlando Pirates and Kaizer Chiefs legends. Mass Mobilisation for 2010 with DSAC and LEDET were successfully held. Two Public Viewing Areas (PVAs) were established. i.e. Ntwampe Sport Center and Hlogotlou Stadium. Both were viewing the world cup games on the 11th and 22nd June 2010.	Not fully achieved	The service provider for Hlogotlou failed to deliver on the 11th June 2010

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	Promotion of Arts and Culture within the District.	Implement adequately Arts and Culture programs.	2008 Arts and Culture programs implemented included Cultural Show, Promotion of designers and crafters and promotion of Local artists.	To have Arts and Culture programs implemented in the District.	A promotional music festival was successfully held at Rahlagane primary school. 2 Choral Workshops, 1 Cultural music Workshop, 1 Crafters Financial Workshop and 1 Literature Writing Workshop were successfully held.	None	None
	To promote Youth Development and self worth.	Beauty Contest for the District held	2008 Miss Sekhukhune district pageant was held	Beauty contest held	The event was successfully held in the first quarter and Miss Sekhukhune participated at Miss Limpopo Teen were she was crowned Miss Teen Limpopo.	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
EMERGENCY SERVICES	Ensure effective management of fire	2 x Emergency Vehicles purchased and operational	2 x Vehicles purchased and operational	40% Vehicles operational	One emergency vehicle was purchased and delivered and the other to be delivered end of July 2010.	None	None
		Fire Fighting Equipment Purchased	40% Fire Fighting equipment for both GT and Groblersdal fire stations purchased.	80% fire fighting equipment purchased	All the equipments purchased and delivered.	None	None
	Educate the public, in-service training and disaster awareness	15 Awareness campaigns conducted across the District.	10 Awareness Campaigns conducted.	Conduct Awareness campaigns in schools around EMLM, GTM and Marble Hall, who are prone to fire.	16 awareness campaigns were conducted on fire prevention, Crime prevention and Disaster response.	Target surpassed by 6 campaigns	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To reduce road accidents	Road Accidents reduced	Arrive alive campaign held	Road accidents reduced 10%	Easter holidays and festive season Arrive Alive campaigns held.	Stats not available	None

Table 23: SDBIP of the Department of Administration

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
SECRETARIAT	To provide effective and efficient secretariat to council structure	Agenda prepared and delivered as per standing orders	Schedule of meetings. The Implementation of the schedule is ad-hoc. Nine (9) Mayoral committee meetings held. Nine (9) Council meetings held. Fourteen (14) portfolio committee meetings held. Standing orders in place	Six (6) Council meetings held.	Eight (8) Council meetings held	Over achievement by two meetings	None
				Eleven (11) Mayoral Committee Meetings held.	Ten (10) Mayoral Committee Meetings held	One meeting not held	Conflicting schedules due to lack of alignment of government programmes
				Eleven (11) portfolio committee meetings held.	Eight (8) Portfolio Committee meetings held	3 meetings not held	Conflicting schedules due to lack of alignment of government programmes
				Standing Rules and Orders reviewed and approved.	Standing rules and orders approved	None	None.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				Procedure manual developed.	Draft procedure manual in place.	Still to be signed off	Lack of skills and capacity within the municipality.
ICT	Maintain and improve ICT services	IT shared services established and maintained. Report on the maintenance of ICT systems in place. IT disaster recovery strategy in place. Updated	IT gap analysis report in place. Task team on IT shared services in place. Server room established. Telephone system in place. Register of cellphone	Disaster recovery strategy developed.	Draft disaster recovery strategy in place.	Still to be signed off	Lack of project execution plan by the service provider.
				Network upgraded and Maintained.	Wireless network extended to new acquired building and 100 % functional.	None	None.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		software licences in place. Report on the upgrading and maintenance of the network in place. Procedure manual on ICT in place. Backup system in place. Shared service centre in place.	allocation in place	Switchboard centralised.	Centralised switchboard established and telephone cost reduced by 140% .The first organisation to establish VOIP across many buildings.	None	None.
				Back-ups Done Routinely.	External hard-drives procured to do back-ups.	None	None.
				Software licenses updated and paid.	An audit of software licenses established after consultation with Microsoft representative	None	An audit finalised at the end of the financial year.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					company.		
				Procedure Manual Developed.	Procedure manual approved by management.	None	None.
				ICT systems maintained.	Network cabling done in all buildings. Computer and computer consumables purchased and maintained.	None	None.
LEGAL SERVICES	To provide effective and efficient legal service	Draft by-laws on SDA, Credit and financial control, cemeteries and crematoria and emergency services		Peruse and Submit draft By-laws to Council.	Perusal and audit of draft by-laws conducted which revealed the following by laws: -Water services by-law,	Not finalised	Lack of documentation related to by-laws stalled the finalisation of the audit.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		gazetted. Employment contract in place. Service level agreement in place. Report on court matters in place. Procedure manual on legal services in place			cemeteries and crematoria by-law, Seda by-law, Emergency by-law, Financial by-law		
				Conduct public participation on draft by-laws.	None.	Not finalised	Lack of documentation on by-laws.
				Draft By-laws submitted to MEC for gazetting.	Water services by-laws submitted to MEC for gazetting.	Not finalised	Lack of documentation on by-laws.
				Procedure manual developed.	None.	Not developed	Lack of capacity and skills.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				Employment contracts developed.	105 employment contracts developed.	None	None.
				Legal support provided.	15 legal opinions drawn on various matters for various departments.	None	None.
				Litigations attended to.	12 matters finalised. 25 matters pending.	None	None.
				Service level agreement developed, signed and managed.	Four (4) service level agreements developed.	Not completed fully	Backlog in filing.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
KNOWLEDGE MANAGEMENT	To ensure functionality of KM centre	Cataloguing system in place. KM strategy and implementation plan in place.	KM centre in place. Draft KM strategy and implementation plan in place.	KM strategy and implementation plan approved.	KM strategy and implementation plan approved by council.	None	None.
RECORDS MANAGEMENT	Ensure effective and efficient record management	Reviewed filing system in place. Trained Staff in record management. Backlog of filing reduced by half. Procedure manuals on records management in place. Procedure	Mail collected and registered daily. Files kept by individual department. Messenger service in ad-hoc. Filing system in place. Draft manual on access to information in	The File Plan is reviewed and aligned to the National Archives Act.	Draft file plan submitted to the Provincial Archives for approval.	Not finalised	Slow approval process.
				Procedure manual in place.	Procedure manual approved by management	None	None.
				Manual on access to information finalised.	Draft manual finalised.	Draft not signed off	Slow process of gathering information.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		manual on messenger service in place. Manual on access to information in place.	place.	Registry Staff and Secretaries trained in records management.	5 registry staff and 4 secretaries trained on records management by the National Archives. 58 officials trained on the use of Mun-Admin.	None	None.
				Back-log on filing reduced by 60%	Back log reduced by 27%	33% below target	Lack of Project planning and execution capacity.
				Messenger service is stream lined	Messenger services 100% functional. Schedule for delivery of mail developed	None	None.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					and implemented.		
IGR	Facilitate sound intergovernmental relations	Minutes and invitation of meeting in place. Attendances register in place. Minutes of Mayors' forum, Municipal Managers forum, Speakers' forum Chief Whips' and all relevant sector teams in place. Framework on ICT shared	Four (4) Mayors' forum. Four (4) Municipal Managers forum. Four (4) cluster meetings held.	Four (4) Mayors' forum held.	Four (4) Mayors Forum held	None	None.
				Four (4) Municipal Managers' forum held.	Two (2) Municipal Managers' Forum held	50% achievement against target	Conflicting schedules due to lack of alignment of government programmes
				Four (4) Speakers forum held.	Six (6) Speakers Forum held	50% above target	None
				Four (4) Chief Whips' forums held.	Four (4) Chief Whips held	None	None
				Six (6) Sector team	Two (2) sectors team	66% of the meetings	Conflicting schedules due to lack of

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		services in place. Framework on legal support to LMs' in place. Report on support to LM's in place.		meetings held.		not held	alignment of government programmes
				Four (4) Cluster Meetings Held.	None.	4 meetings not held	Lack of programme, standing agenda and schedule

Table 24: SDBIP of the Treasury and Budget

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	To ensure proper recording of financial information	Functional Comprehensive Financial System	Preparatory meeting held and action plan for implementation.	Functional Comprehensive Financial System that covers <ul style="list-style-type: none"> • Revenue management • Expenditure management • Asset Management • Supply Chain management • Fleet Management and Reporting. 	100% installation of the system and training conducted, implementing only billing module. Budget for 2010/11 financial year loaded on the system ready for implementation for 2011 financial year.	Not fully achieved	Delay in implementation of system until 2010/2011 financial year.
	To ensure Proper asset recording	Functional Asset Management System	Manual Asset management	Functional Asset Management System	100% installation of the system and training not conducted	Not fully achieved	Delay in implementation of system until 2010/2011 financial year.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To ensure Supplier database management	Functional supplier database system	Manual Supplier data base.	Functional supplier database system	System installed and awaiting a service provider to update the system with suppliers' rotation module.	Not fully achieved	Desktop on which this system was installed before got stolen and processes of replacement by the insurance took longer.
	To ensure proper fleet management	Functional Fleet Management System	Manual fleet management	Functional Fleet Management System	System has been installed	Target partially achieved	Some of the vehicles are not on the system and the system has only one user
	To ensure indigent and revenue management	Functional Indigent Management System	Manual Indigent management	Functional Indigent Management System	System has been installed	Not fully achieved	Delay in implementation of system until 2010/2011 financial year.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To ensure accurate data collection	Functional Meter Reading System	Manual meter reading	Functional Meter Reading System	None	Not achieved	Insufficient budget, device require above R500 000.
	To ensure development on internal controls	No of Budget Related Policies and procedure manuals developed and reviewed for 2009/10 f/y.	6 Finance Policies reviewed and implemented.	Review of the following <ul style="list-style-type: none"> • Budget related policy • Budget Policy • Tariff Policy • Credit and Debt Collection Policy - • Indigent Policy • Supply Chain Management Policy 	Consultation on the policies done and approved by council.	Fully achieved	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To capacitate and empower personnel through continuous training	No. of employees undergone training on the following programmes: - <ul style="list-style-type: none"> • GRAP/GAMA P • Asset Management • Supply Chain Management • Payroll Administration • Fleet Management • Systems Administration • Revenue and Expenditure management • Tax administration • Budget 	GRAP/GAMA P training, <ul style="list-style-type: none"> • 10 on Asset Management training, • 4 on Payroll training, • 4 on Budget training. 	50% of the employees trained on their relevant field	42% of the employees trained on their relevant field	8% below target	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Management					

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To facilitated the implementation of National Government's financial internship and competency level requirements	10 employees underwent the National Treasury Competency level. No of Financial Interns mentored	15 x Competency level trained 2 x Internship.	10 employees to be trained on the National Treasury Competency Level 5 Finance Interns mentored and coached	Seven employees attended CPMD competency level	Not fully achieved	No implementation plan in place informed by identified competency gaps.
	Performance Management	Four managers in the department sign and implement PMS Level 4 - 6 employees signing performance commitments.	1/3 managers signed Performance agreements.	Four managers (1 level 2 and 5 level 3), Six Accountant (level 4), six level 5, nine level 6 in the department have signed the	Done	None	none

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				performance agreements			
BASIC SERVICE DELIVERY	To ensure customer care	Two pay points identified and operational	West Street pay point	Two pay points identified operational for collection of revenue.	One cashier point equipped and operational	50% achieved	Limited funds to procure a second movable cashier point. No access to municipal network and server.
	To ensure proper expenditure control	5 x days taken to process properly completed payment claims	5 days turn around.	Due payment processed and finalised within 5 working days.	Implemented	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To ensure timely compliance to legislation	100% turnaround time taken to process procurement requests	Policies, Reports and standards in place.	100% of 14 days for goods less than R200 000 and 30 days for tenders above R200 000 for processing requests	80% of 14 days for goods less than R200 000 and 30 days for tenders above R200 000 for processing requests	20% below target	Departments submitting their request memo's of requests to supply chain management unit late. Poor turnaround time by SCM unit
	To ensure effective service delivery	% tur around time taken to process stock requests	1 x day processing of stock requests.	100% of stock processed within a day	Implemented	None	None
LOCAL ECONOMIC DEVELOPMENT	To promote preferential procurement	10% of procurement of goods and services awarded for SMME support	Adhoc support to SMMEs	10% of procurement of goods and services awarded for SMME support	37% of procurement of goods and services awarded for SMME support	None	None
	To promote preferential	Development of BEE balance score card	Adhoc support to	Score card model	Score card model in place	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	procurement	model	BEEs				
	To promote preferential procurement	10% of procurement of goods and services awarded for Youth, Woman and disability support	Adhoc support to Youth, Women and Disabled.	10% of procurement of goods and services awarded for Youth, Woman and disability support	Procurement of goods and services awarded for Youth 30%, Woman 33% and disability support 0%	None	None
	To ensure timely compliance to legislation	Four reports on Suppliers performance assessment	None	four reports on Suppliers performance assessment	Three reports on Suppliers performance assessment	75% achieved	None
	To ensure timely compliance to legislation	Twelve Monthly reports developed	1. SCM Policy. 2. 11 Monthly reports	Twelve Monthly reports developed	Eleven Monthly reports developed	1 report not completed	late compilation of reports
MUNICIPAL FINANCIAL VIABILITY	To ensure timely compliance to legislation	No of quarterly asset registers developed and verifications	Asset Audit completed.	Four Quarterly reports developed	Done	None	none

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To provide official accommodation for effective and efficient municipal operations. To enhance municipal investment property.	Acquisition of the fire station in Tubatse, Mayoral House around Groblersdal, and construction of offices in Groblersdal.	West Street building and land in Groblersdal in Chris Wiid Street.	<ul style="list-style-type: none"> • 50% of office building Constructed • Mayoral House purchased, • Tubatse fire station land purchased. 	<ul style="list-style-type: none"> • 100% of office building Constructed (purchased) - • Mayoral House purchased, • Tubatse fire station land purchased. 	None	None
	To ensure that council assets are safe guarded and properly recorded	Maintenance of contracts registers developed and updated	2 x contract registers.	Twelve Monthly reports developed on maintenance of contract registers.	Done	None	Stock items not having values
	To ensure that council stock is adequately accounted for, properly recorded and safe guarded	No of stock counts conducted	1 stock count conducted.	Quarterly reports developed	Done	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To ensure effective service delivery	% turnaround time taken to process stock requests	1 x day processing of stock requests.	100% of stock processed within a day	100% of stock processed within a day	None	None
	To ensure that council assets are correctly disposed off	Quarterly approved Asset Disposal report	None	Four quarterly reports developed	Two quarterly reports developed(as per asset audit conducted)	50% of the quarterly reports developed	None
	To foster financial sustainability	Revenue Enhancement strategy in place	Tender process underway.	Revenue Enhancement Strategy Developed	Draft strategy in place not submitted to council for approval	Not fully achieved	Delayed finalisation of the strategy by the service provider.
	To ensure collection of monies owed to municipality	75% collection rate on both Domestic and business consumers	86% collection rate on business consumers	75% collection rate on both Domestic and business consumers	80% collection rate on both Domestic and business consumers	Target achieved and exceeded 5%	None
	To ensure efficient expenditure of Operational Capital	80% of Capital Expenditure Implemented	17% Expenditure on Capital Admin	80% of Capital Expenditure Implemented	100% of Capital Expenditure Implemented	Target achieved and exceeded	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	Budget					by 20%	
	To ensure efficient personnel expenditure	Employee expenditure as 24% of operational expenditure	19% Employee expenditure as compared with operational expenditure	Employee expenditure as 24% of operational expenditure	Employee expenditure as 22% of operational expenditure	Target achieved and exceeded by 2%	None
	To ensure proper expenditure control	Monthly, Quarterly and Annual reconciliations prepared	The following reconciliation prepared monthly - Bank Recon - Investment Recon	The following reconciliation prepared monthly - Bank Recon - Investment Recon - Debtors Recon - Creditors Recon - Payroll Recon - Asset Register Recon	Done	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	Budget Preparation	Approved annual budget	2009/10 budget	Budget approved on or before 27 May 2010	Done	None	None
	Preparation of Annual Financial Statements	Annual financial statements	2007/07 Annual Financial Statements	Annual Financial Statement prepared and submitted to Auditor General on or before 31 August 2010	Done	None	None
	Annual report	Annual Report	2007/08 Annual Report	Annual Report prepared and approved by council on or before 31 January 2010	Done	None	None
	Quarterly Reports	four Performance reports compiled	3 Quarterly reports	Four Performance reports compiled	Four Performance reports compiled	None	None
	Monthly reports	12 Monthly reports	11 Monthly reports	Twelve Monthly reports	Eleven Monthly reports compiled	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		compiled		compiled			
GOOD GOVERNANCE	Municipal Support	GRAP/GAMAP conversion for Makhuduthama ga and Elias Motsoaledi, Development of Revenue Enhancement Strategy for Elias Motsoaledi and sourcing of revenue enhancement tools for Fetakgomo.	1. Three municipalities assisted with GRAP Conversion: Fetakgomo, Marble Hall and Tubatse	GRAP/GAMAP conversion for Makhuduthama ga and Elias Motsoaledi, Development of Revenue Enhancement Strategy for Elias Motsoaledi and sourcing of revenue enhancement tools for Fetakgomo.	Completed GRAP conversion for Elias Motsoaledi. Draft Revenue Enhancement strategy for Elias Motsoaledi developed. Purchased revenue enhancement tools(traffic cameras) for Fetakgomo	Not fully achieved	Makhudutha maga decided to do conversion on their own
	Coordination of CFO's district Forum	4 meeting held	Two CFOs Forum Meetings held and one Finance Forum	4 meeting held	Four meetings held	None	Makhudutha maga not attending meetings

Table 25: SDBIP of the HUMAN RESOURCES DEPARTMENT

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Skills Development	Provision of study assistance to communities in need	Number of new Learners and Field of studies awarded bursaries.	37 bursaries awarded as follows. Engineering 17, Finance 08, IT 05, Humanities 07. Tourism 0, Agriculture 0.	10 Learners in the each category awarded bursaries.	7 New learners awarded bursary. 1 old learner continues with studies. Draft By-Law submitted to Legal Services and gone through management and organised labour for comment.	3 learners below target	Applicants not meeting the requirements. No inputs from portfolio committee.
		Number of employees awarded bursary	10 Employees awarded bursary	20 employees provided with study assistance	26 Employees awarded study assistance	Target exceeded by 6 employees	None
		WSP/ATR developed and submitted by 30 June 2010	2008/2009 WSP/ATR submitted and Skills	100% WSP/ATR completed and submitted to LGSETA	100% WSP/ATR completed and submitted to LGSETA on 30 June 2010	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
			Audit of employees				
		2 Finance + 1 Internal Audit interns in place.	3 X Interns placed	3/5 Finance Interns recruited	5 Finance and 2 Internal Audit Interns appointed. Mentoring in progress. Programme implemented and monitored	Target exceeded	None
		7 X Experiential learners accepted as follows: 3 X Technical Services, 1 X Communications, 2 X Finance and 1 x Administration.	10 X Experiential Learners accepted, and graduated.	At least 10 X Experiential Learners accepted.	12 learners placed. 9 Assessed and graduated. Mentoring of 7 learners in progress	Target exceeded by two	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Initiated a process for employee's assessment and accreditation.	50% of staff assessed and accredited.	50% of staff assessed and accredited.	0.34% Applicants pre-assessed and submitted PoE for assessment. Awaiting one on one assessment session	Target not achieved	Non-submission of RPL registration forms by some employees
	To ensure Employees Wellness and rehabilitation of employees experiencing problems	100% Emergency personnel underwent EAP. 0, 5% of employees underwent EAP.	Maintain 100% adequate, efficient and effective implementation of EAP.	Maintain 100% Emergency personnel underwent EAP. 0, 5% of employees underwent EAP.	Completed awareness programme in 5 LMs. 100% (67) Emergency and 5, 4% (48) personnel underwent both short and long term and non-pharmacological treatment and counselling sessions. 0.7% completed rehabilitation programme Successful wellness day held	Target exceeded	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Human Resource Management	To fill all vacant posts on the organogram.	70% posts filled	80% of posts filled within 3 months	Vacancy rate reduced to 20% and or less.	4 s57 Managers appointed. 85.1% (235) posts filled. Vacancy rate reduced to 14,9%	Target exceeded by 5.1%	None
	To promote equal opportunity, diversity and fair employment	Total number of woman employed by the municipality against total staff	30% of women in place	50% Equity reached.	50% women appointed at s57. 23.5% women appointed at middle management. 36.9% appointed in other employment categories. 0.8% whites appointed. 2009 EE report appears in Public Register	Partially achieved	Equity at middle management and other employment categories
		Total number of disabled staff in management level	None	1% disabled.	0,34% disabled appointed	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	Effective and efficient management of workplace hazards. Preventing and remedy hazards	Maintain 100% OHS	Draft OHS policy in place	100% compliance to OHS	90% compliance to OHS.	Not fully achieved	Old Mutual and Voortrekker offices not complying
	To develop systems and policies for GSDM	Review of SDM policies in process	All SDM Policies developed and reviewed	Finalisation of policy processes and implement	<p>Developed and reviewed policies gone through council structures, approved and implemented.</p> <p>Draft bereavement, Training and Development and OHS policies gone through management and organised labour.</p>	Achieved	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Labour Relations	To ensure an atmosphere of labour peace in GSDM	Collective agreements implemented. Monthly Local labour Fora held	Number of Labour disputes attended within a month	12 x LLF held. 80% of Labour disputes attended within a month	8 LLF meetings held. 100% labour disputes attended.	LLF Meetings Not fully achieved Labour dispute target exceeded	Non attendance of organised labour
Labour Relations		Policy in place	3 X Quarterly publications developed.	3 X publications per annum.	6 Labour Publications issued	Target exceeded	None
Organisational Development	To review SDM Structure and ensure alignment with strategy	2009/10 Organisational structure in place	Reviewed organisational structure and aligned to IDP/Budget for 2010/11	Approved organisational structure in line with IDP/ budget.	Approved organisational structure in place	None	None
Organisational Development	To ensure standardized and evaluated job	80% job descriptions completed.	Standardized job descriptions.	100% job descriptions completed by June 2010	97.4% Job descriptions completed. Conducted Job evaluation for 56	Not fully achieved	2.6% awaiting authentication. No clear directive from SALGA

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	descriptions.				Water Services posts		
Organisational Development	Ensure functional IGR function across the three spheres of government.	3 G and A cluster meetings held.	4 x G and A cluster meetings held. Monthly HR meetings held	4 x G and A cluster meetings held. 12 x HR meeting held.	<ul style="list-style-type: none"> • G and A Cluster meetings attended. • Provincial HR Working Groups attended. • 2 District HR Working Group meetings held. • 5 District Labour Relations Forum meetings held. • 4 Provincial Skills Development Forum meetings attended. • 6 District SDF meetings held 	Target exceeded	None

Table 26: SDBIP of the Strategic Management Department

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
PERFORMANCE MANAGEMENT	To ensure proper planning, monitoring and review of organisational and individual performance	SDBIP signed by 30 June 2010 and implemented from 1st July 2010.	2008/09 SDBIP developed and implemented	SDBIP signed by 30 June 2010.	<ul style="list-style-type: none"> • 2009/10 SDBIP has been approved and signed for implementation by 1st July 2010. • SDBIP was adjusted in January 2010 as per Budget Adjustments processes. • 2010/11 SDBIP was developed and signed by 30 June 2010. 	None	None
		Signed performance Agreements for Section 57 Directors	2008/09 Performance Agreements were signed, and implemented	Municipal Manager and All Section 57 Director's performance agreements signed, Implemented, Reviewed and/or	<ul style="list-style-type: none"> • All sec 9/11 Sec 57 Managers signed Performance Agreements for 2009/10 f/y. • 8/9 Sec 57 Managers were appraised for 2008/09 f/y. • Mid Year 	Not yet fully achieved	1 x outstanding appraisals and review.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				Appraised	Performance Review for Section 57 Managers were concluded. • Draft 2010/11 Performance Agreements are in place.		
		100% Signed performance Agreements for Managers	80% 2008/09 Performance Agreements were signed, and implemented	Directors and All departmental Managers sign performance agreements, Implemented, Reviewed and/or Appraised	50% Managers signed performance agreements with their Directors. Their implementation was done through monthly meetings.	Not achieved fully	Non compliance by not signing performance agreements.
		80% Signed performance commitments for level 4-6 downwards employees	20% complied	All level 4- 6 employees sign performance commitments for 2009/10	<ul style="list-style-type: none"> 70% of Level 4-6 performance agreements were signed and implemented. Monitoring and implementation of the signed 	70% achieved	30% outstanding.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					performance agreements was done through monthly reports.		
		Online performance reporting for Service Delivery Departments in Dec 2009, and Support Departments in June 2010.	100% SDBIP on the system.	Electronic PMS Functional	<ul style="list-style-type: none"> • Planning and installation of electronic portal was concluded. • All departments were trained from level 1 - 7 on Business Planning, Capturing of Business Plans and Reporting. • Departments were supported in concluding 2010/11 data on the system. • Cascading the system to LMs is done and is all trained on the system, and are 	None	Dedicated personnel in LMs to ensure uninterrupted development .

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					currently capturing data as required, as well supported when needed.		
		Project business plans signed and endorsed by the MM	100% Business plans developed.	Business Plans endorsed by MM and implemented by depts.	<ul style="list-style-type: none"> • The 80% Of 2009/10 business plans were developed and approved for implementation. • The 2010/11 Business Plans for all the departments have been developed, captured on the electronic system and ready for implementation. • Draft business plans have also 	Not fully achieved	None adherence to time lines.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					been prepared for authorisation.		
		Quarterly performance review sessions conducted	Held 3/4 sessions.	Conduct Quarterly Performance Review Sessions	<ul style="list-style-type: none"> 3 x Institutional Performance Reviews were conducted in July 2009; October 2009 and January 2010. Lekgotla Resolutions Reports were developed and presented to management for implementation. 	75% achievement	Delayed implementation of 3rd Quarter Performance Review Lekgotla.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Six Monthly Individual Performance Review Sessions conducted	1/2 formal Individual Performance Review Sessions conducted.	Conduct Six Monthly Individual Performance Review Sessions conducted	<ul style="list-style-type: none"> The July 2009 Annual Performance Review for Sec 57 Managers was held in July 2009. The January 2010 Mid-Year Performance Review for Sec 57 Managers was conducted. 	None	None
		Completion of applications for participation by departments	Participated in the 2008 VUNA Awards process.	Vuna Awards Report developed and presented.	No activity	Not achieved due to reasons beyond control	The project was put on hold by DLGH and COGTA.
		Nomination and finalization of awards	Held Executive Mayor's Excellence Awards in Dec 2008.	Executive Mayor's Excellence Awards conducted/held by Dec 2009.	Executive Mayors Performance Excellence Awards were held in December 2009 as planned.	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Statutory Reporting	To ensure compliance to statutory reporting requirements	Monthly reports consolidated	50% Compliance	Monthly Reports consolidated and presented to management.	8 x Monthly reports were consolidated and presented to management.	5 monthly reports below target	Late Submissions
		Quarterly reports generated, analysed and reviewed/appraisal	100% but not on time.	Quarterly Reports consolidated and presented to management.	<ul style="list-style-type: none"> • June 2009 Annual performance report was developed and presented. • September 2009 and March 2010 Quarterly Reports were developed and presented. • December Mid-Year performance Report was developed and presented to Management. 	Not fully achieved	Late Submissions

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		2008/09 Annual Report generated and completed by January 2010	Draft 2007/08 Annual report in place.	Compilation of 2008/09 Annual Report completed by January 2010.	<ul style="list-style-type: none"> The 2008/09 Annual Report was compiled and adopted by Council. Copies are underway, and also presented to be put on the website. Copies have been presented to DLGH, National Treasury, Provincial Treasury and Premier's Office. 	None	None
		Strategic agenda submitted on quarterly basis by the end of the following month.	All reports submitted.	4th Year Local Government Strategic Agenda updated quarterly and on time.	4 x Quarterly 5yr Local Government Strategic Agenda reports were compiled and submitted to DLGH.	Not fully achieved	Late Submissions

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Municipal Support	To ensure adequate support to both Internal and External clients on the implementation of service delivery.	Management plan finalised and implemented.	Diagnostic Study report finalised and ready for Council noting,	Management Plan developed and implemented.	<ul style="list-style-type: none"> • Management Plan was adopted by the Management Committee. • Progress reports were submitted to every Lekgotla. • All 2009/10 financial year projects were completed (See the attached annexure). 	None	None
		Programs developed and implemented for every Twinning Agreement.	Twinning Agreements and working Relations with other Districts Municipalities	Programs developed and implemented for every Twinning Agreement.	2 x Twinning Agreements were developed and projects identified for implementation by various departments.	None	Relocated the project to HR.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Customer care	To ensure development of a functional Customer Care Service.	Monitoring of the principles of customer care	Customer Care Call Centre operational.	Call centre with electronic system and professional operators	<ul style="list-style-type: none"> • Planning of Customer Care Call Centre was completed and installation is underway. • 1 x personnel was recruited and 2 x personnel were placed as planned. • Orientation and monitoring of the system for staff is on continuous basis. 	Not fully achieved	1. Delayed completion of the project.
		Brochure, Complaints register, Suggestion Box	Help Desk in all 5 main offices operational	Promptly attending to customer complaints and queries	<ul style="list-style-type: none"> • 5 x suggestion boxes and complaint registers were placed in all 5 main buildings. • Walk in Clients were attended to on adhoc basis. • Customer queries were monitored 	Not fully achieved	Non adherence to actual response time.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					and referred to departments on weekly basis.		
		Production of 2010/11 Customer Care survey report.	Annual Satisfaction Survey conducted	Customer care survey conducted and report published.	<ul style="list-style-type: none"> • Customer satisfaction survey has been conducted • The report has been submitted to Council 	None	None
		Service Standards in place. Program of Batho Pele activities in place.	1. Service Standards reviewed. 2. Know your rights function held. 3. Public Service week	<ul style="list-style-type: none"> • Service Standards reviewed and workshopped to various departments. • Batho Pele activities held as per management plan. 	<ul style="list-style-type: none"> • 2009/10 Service standards were reviewed and submitted to management for implementation. • Training on the development of 2010/11 Service Charter and review of Service levels was 	Partial achievement	Non functional Batho Pele Committees.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
			held.		<p>conducted.</p> <ul style="list-style-type: none"> • Annual Local and District Batho Pele events were successfully held by December 2009. 		
Systems and Policy Development	To co-ordinate development and coordination of Policies and Frameworks.	Systems and Policies reviewed.	Relevant policies reviewed and implemented	Systems and Policies Developed and Reviewed.	<ul style="list-style-type: none"> • PMS Framework was reviewed and adopted by Council. • Draft Service Charter in place and presented to management for 2010/11 f/y. • Draft Service level Agreements in place for 2010/11 f/y. • Reviewed 2009/10 Service Standards. • 4 x TAS for every LM meetings and 3 	Not fully achieved	Implementati on in 2010/11 f/y.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					x District TAS meetings held and frameworks developed for 2010/11 f/y implementation.		
		Minutes of the Departmental Meetings	Monthly Departmental Meetings held.	Departmental Meetings held as per program.	11 x departmental meetings held, minutes compiled and followed up.	None	None
	Governance and Administration established and functional Cluster	Program of Meetings developed and implemented.	Functional IGR Structure in Place.	Monthly and Quarterly Cluster meetings held.	<ul style="list-style-type: none"> • 8 PMS Forum meetings and 11 Batho Pele forums held. • 2 x Batho Pele Committee meetings held. 	Not fully achieved	Functionality of internal PMS and Batho Pele Committees.

Table 27: SDBIP of the Executive Mayor's Office

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
ADVOCACY	To develop and implement Youth Development programs	Youth Development Programmes rolled-out	<ul style="list-style-type: none"> Youth Advisory centres, Youth Council structures are established and functional, Youth Development Policy, Partnerships with UYF, Manyeleti Academy SLA are signed. EPWP program implemented. 	<ul style="list-style-type: none"> Develop Management Plan to roll out youth development Programmes. Implement, monitor and feedback. Coordinate District and Local Youth Councils relaunch programme. Capacitate relaunched programmes 	<ul style="list-style-type: none"> Hosted the 2009 Provincial Youth Parliament in Tubatse. Coordinated Youth Biz Competition 20 learners registered with ETDP-SETA Participated on NYDA + 15 Years Stakeholders briefing. Prepared a submission for supplementary funding. Youth Councils launched in all LM's. Youth programme successfully conducted 	None	<ul style="list-style-type: none"> Lapse of office for all Local Youth Councils and District Youth Council. Poor administrative support for Youth Councils. Tubatse Youth Council needs special intervention. District Youth Council Conference postponed twice due to internal differences

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To develop and implement Disability Development programs	Advocacy and Development Programme for the Disabled Rolled-out	<p>Disabled Persons Policy.</p> <p>Forum for Disabled Persons established and functional.</p>	<ul style="list-style-type: none"> To finalise the establishment of forums for the Disabled. Implement, monitor and feedback. Organise series of workshop on topical issues affecting disabled people. Empower forums for disabled people 	<ul style="list-style-type: none"> District Disability Forum Launched on the 28 October 2009. Convened District Albinism Awareness Campaign on the 24 November 2009. Training of Councillors on disabled persons programs.14 	Not fully achieved	<ul style="list-style-type: none"> Makhudutha maga Disability Forum still to be launched. No sign language services. Topical issues could not materialise due to non buy in by Home Affairs. Problematic for implementation of learnership in MKM

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To develop and implement Women and Gender Development programs	Women and Gender Development Programmes rolled-out	Draft gender policy and Women units in place and functional.	<ul style="list-style-type: none"> • Develop a Management Plan to roll out Women and Gender Development Programmes. • Implement, Monitor and feedback. • Finalise Gender mainstreaming policy. • Circulate policy for stakeholder consultation. 	<ul style="list-style-type: none"> • Developed Concept Paper for 16 days of activism of No violence against Women and Children. • Gender and Women Development Mainstreaming workshop held from 2-3 Nov 2009. 	Not fully achieved	<ul style="list-style-type: none"> • Over-expenditure. • Delayed response from SALGA for updated version of the Policy

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To develop and implement Children's Development programs	Children's Development Programmes rolled-out	Draft Children's Policy and Children's rights and Advisory Council in place and functional.	<ul style="list-style-type: none"> • Develop Rollout Plan • Finalise the establishment of forums for the Disabled. • Implement, monitor and feedback. • Review ECD Supplier Program. • Coordinate District Take A Girl Child To Work 	<ul style="list-style-type: none"> • Coordinated support to the provincial children's month camp • Donated groceries to 16 ECD centres adopted by the EM • Submitted notice to finance on last delivery of food supplies. • Take A Girl Child held 27-29 May 	No achieved fully	<p>No adherence to specifications requirements.</p> <p>Campaign coincided with Exams</p>
	To develop and implement Development Programs for the Aged.	Older persons' Development Programmes rolled-out	Older Persons Act in place and implemented.	<ul style="list-style-type: none"> • Develop a Management Plan to roll out Older Persons' Development Programmes. • Implement, monitor and feedback • Coordinate establishment of older 	<ul style="list-style-type: none"> • Draft policy on older persons care developed. • Celebrated Mandela Day clubbed with Inauguration at MKM • Held district social month celebration on the 30/11/09 at 	Older persons forum not coordinated	Over expenditure

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				persons forum	Riba cross		
	To develop and implement Development Programs for MRM Networks	MRM Networks Programmes rolled-out	MRM Strategy MRM Charter on positive values implemented.	<ul style="list-style-type: none"> • Develop a Management Plan to roll out MRM networks Programmes. • Implement, monitor and feedback • Coordinate MRM Human rights programme. • Coordinate MRM Partnership programme 	<ul style="list-style-type: none"> • Convened District Women's prayer day at MKLM 08/2009. • All 5 Local MRM re-established and District. 	Not fully achieved	No Knowledge for existence of other MRM Networks

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	To develop and implement Development Programs for youth advisory centres	Youth Advisory Centres Development Programmes rolled-out	Youth Advisory Centre established and functional.	<ul style="list-style-type: none"> Develop a Management Plan to roll out Youth Advisory Centres Programmes. Implement, monitor and feedback Identify and explore alternative YAC funding and support sources 	<ul style="list-style-type: none"> Conducted YAC Visits at LM'S and assessed progress. Management submission for extension of support. Letter written to LM's to offer support to YAC's. 	None	Uncertainty on future contractual impact on staff moral beyond June 2010.
	To develop and implement Development Programs for geographic names change	Geographic names change Programmes rolled-out	Geographic names change committee established.	<ul style="list-style-type: none"> Develop a Management Plan to roll out Geographic names change programmes. Coordinate GNC Horizontal learning networks. Feedback on 	<ul style="list-style-type: none"> Letters sent to all LMS's verifying existence of LGNC. Commitment for workshop set for July 	Not fully achieved	No progress reports from LM's geographic names committees

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				best practices model.			
	To develop and implement Development Programs for ward committees	Ward committee Programmes rolled-out	Ward committees ward committee policy ward committee incentive policy.	<ul style="list-style-type: none"> • Develop a Management Plan to roll out ward committee programmes. • Implement, monitor and feedback. • Coordinate submission of quarterly reports to speaker's office. • Provide Admin support to LM's 	<ul style="list-style-type: none"> • Ward Committees inaugurated on the 27/11/09 at FTM. • Meeting held on the 21/12/09 to engage the SALGA proposed incentive guidelines. • EM Met with all Ward Committees and Councillors as part of strengthening service delivery. • Speakers Forum held in June. 	Not fully achieved	<p>Budget constrains to reimburse ward committees as per SALGA circular 49/2009</p> <p>Delayed completion of Provincial Ward Committee Framework</p>

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					<ul style="list-style-type: none"> Officials from Speakers Forum held a meeting to strengthen cooperation 		
	To develop and implement Development Programs for traditional leaders	A Programme for traditional leadership support implemented	Local house of traditional leaders	<ul style="list-style-type: none"> Support to traditional leaders. Finalise Standardised support model 	<ul style="list-style-type: none"> Supported Magoshi related activities: Inauguration of Phaahla, Ratau. Funerals of Maphopha, Ramaube, Ntwampe, Nkosi Workshop for Magoshi held from the 7-9/12/09. Held Consultative 	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					session on Sepedi vs. Sesotho sa Lebowa <ul style="list-style-type: none"> • Draft standardised support model in place 		
	To ensure support to needy families and communities in times of disaster	Destitute families assisted	Disaster relief policy	Support as and when a need arise	<ul style="list-style-type: none"> • Executive Mayor Visited families affected by disaster at Magagamatala on the 19 Nov 2009. • Assisted Lengama Secondary School with furniture. • Assisted four families with burials 	None	Shared accounting with CS
	To develop and implement HIV/AIDS awareness programmes	HIV/AIDS programme rolled out as per programme	HIV/AIDS Strategy	Develop Management plan to rollout <ul style="list-style-type: none"> • To finalise LAC appointments • Facilitate nominations of DAC's and facilitate 	<ul style="list-style-type: none"> • Partially completed LAC list for appointments in partnership with CS • DAC's nominated and lists submitted to 	None	Delayed submission for compliant LAC list from LM's Delayed formal appointments and launch of

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
				launch of DAC's	Dept of Health		DAC's
IGR	To successfully host distinguished Mayoral guest and dignitaries	Provide effective civic courtesy for national and international dignitaries.	Hosted 5 x Mayoral Guests and Dignitaries.	Guests and Dignitaries received as and when they arrive.	None	Not achieved	None
DEVELOPMENT OF INSTITUTIONAL CAPACITY AND EFFICIENT FINANCIAL MANAGEMENT GEARED TO EFFICIENT DELIVERY OF SERVICES	Customer Care	Content of the website should be up-to-date with developments in the municipality and the Look and feel should be in line with the Municipality's brand strategy	Municipal Website	Weekly updates.	Website updated twice daily both at 10h00 and at 15h00.as per the plan. A new website has been developed and launched in January 2010	Target exceeded	Infrequent web maintenance due to the lack of dedicated web developer.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	Internal Communication	Electronic Communication within the District and other organs of state implemented.	Electronic Communication	Intranet developed and operational.	Dummy of Intranet site is ready. Site will be active by end of July	Not fully achieved	Insufficient Funding to cover costs for site development
	Development of Administrative Services	Strategy and Management Plan in Place.	Communication Strategy	4x quarterly Strategy Implementation reviews and reports	4 quarterly review reports are in place	None	None
	Development of Administrative Services	Business Plan in place.	Language Policies.		Language policy is in place	None	The language policy has been lost. We are only able to trace the Council Resolution number pertaining to the passing of the Language Policy.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	Development of Administrative Services	Draft Event Management Strategy in place.	Event Management Strategy	Strategy implemented as per management plan.	Developed an integrated district events calendar. Events Exit Reports are in place	None	Poor attendance of district events.
MAXIMISATION OF ECONOMIC DEVELOPMENT THROUGH DEVELOPING LOCAL ECONOMIC OPPORTUNITIES AND FACILITATING COMMUNITY EMPOWERMENT	LED Institutional Capacity	3 x Community Radio stations supported, 7 x Print Local Media supported,	Community Media	Communicate adequate, accurate, effective and efficient to all two mediums	Placed Adverts on the following community media: news, Sekhukhune Express, Sebatakgomo, KFM, Tubatse FM, MCRS, Platinum Gazette and Die Daller, Steelburger, Dennilton Dispatch, Loerie. This was done to promote all the district events as outlined in the district integrated calendar of events.	None	None
				Annual audit of media needs within the District.	Report on issues raised developed and sent to the MDDA.	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	Marketing	3 x Media Relations platforms for networking with media houses.	Media Relations	2 x networking per semester.	Two networking sessions held in July. One in Carpe Diem and Polokwane	None	Implementation of some issues raised by media practitioners during the networking sessions, namely training on media management and content development. The budget allocated for this activity was insufficient relative to the demands of programme activity.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		Celebration of declared heritage sites within the District that includes Tjate and Nyabela, as well as Mampuru Day.	Heritage Celebrations	At least two declared heritage sites celebrated successfully.	Supported the celebration of the following heritage commemorative events: King Nyabela, Mampuru Day, King Nyabela and BaKgaga ba Kopa.	None	Requests for support of heritage commemorative events are increased disproportionately to the available budget.
	Investment Attraction	4 x Major Local events and 1 national and International events used.	Marketing and Profiling of the District.	Increase awareness of the District to both local and outside market.	Marketed the District through the hosting of the National Heritage Day Event at Ntwampe Sports Complex. GSDM participated during the Durban 2010 Tourism Indaba from the 8th May to the 11th May 2010. 3 000 Tourism Guide Booklets were produced and distributed. 200 copies of SDM corporate DVD were	None	The allocated budget for implementation of the integrated marketing strategy is disproportional to the marketing needs of the District Municipality.

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
					produced and distributed.		
Fostering community participation and ownership of municipal programmes through effective communication		4 x External Newsletters produced.	Publications: External Newsletters	Four Issues per year published	4 external newsletter editions produced	None	None
		12 x Internal Newsletters produced	Publications: Internal Newsletters	12 Issues per year published	11 Newsletter editions are in place	Below target by 1 newsletter	None
		4 Special Newsletters produced	Publications: Special Newsletters	4 Special Newsletters published	4 Special Newsletters produced	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
		The number of publicity drives is contingent on the fluidity of the communication environment.	Publicity Programme	Continuous publicity activities in line with the communication and events management strategy	Media alerts and statements were issued for each of the events held. Pre and Post Media interviews were also arranged	None	None
		2 X Izimbizo (April and Oct) and 4 X Mayoral Outreach held	Mayoral outreach programme and Izimbizo	Participate in 2 x Government Izimbizo and 1 x Quarterly Mayoral Outreach	12 Community and Mayoral Outreaches coordinated	Target exceeded by 6 outreaches	None
		SODA held in February 2009.	State of the District Address (SODA)	SODA held in February 2009.	SODA held on 27 May 2010	None	None

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
STRENGTHEN THE CO-ORDINATION OF GOVERNANCE STRUCTURES AND FACILITATE SOUND INTERGOVERNMENTAL RELATIONS		Maintenance of established district Forums (Provincial Gov Communicators held quarterly. Municipal Communicators Forum held quarterly. District Gov Communicators held bi-monthly.	IGR	At least four DCF and 6 DCF meetings held respectively.	7 DCFs held. 6 MCFs and 2 PGCFs attended.	Target exceeded by 1 DCF	None
		2 x hosting Botswana and 1 x hosted by them.	International Relations	2x International visits.	2 international horizontal programmes implemented. We developed a communications strategy, internal and external newsletters for SEDC.	None	None

Table 28: SDBIP of the Internal Audit Department

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Unit Management	To ensure effective management of Performance Management Unit.	No of WSP aligned training attended	Number	XYZ WSP aligned training attended	XYZ		
		% implementation of resolutions for management meetings held	Copies of minutes in place.	100% of Unit Management resolutions implemented.			
Unit Registers		% management of unit registers	Unit Registers in place	100% monitoring of unit registers (Attendance and leave)			
Risk management		% implementation of risks identified.	Risk Management Strategy in place	100% Management of risks identified.			
Auditor General		% response to AG's queries	Adhoc record of AG 's	100% response to AG's queries.	100% response to unit related issues		

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
			queries		raised by AG		
DTAS		% implementation of DTAS elements	DTAS in place	100% implementation of DTAS elements			
Customer Care	To coordinate responses on service delivery queries raised by communities.	% response coordinated for service delivery queries raised.	Adhoc and non integrated response to queries.	100% service response to service delivery issues raised.			
Strategic Partnerships	Partnerships facilitated.		2 x partnerships (Ethekwini and Cape Wine lands)	4 x partnerships facilitated.	SCM Quarterly Reports		
SMME support	To promote upliftment of locally based SMME's for events.	Number of strategic partnerships coordinated	20% utility of locally based service	30% utility			

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Planned Performance Area	Objective	% utility of locally based service providers used.	Base line	Annual Target	Q4		
Budget management	To ensure effective management of the Unit Budget.	Key Performance Indicator	Annual expenditure record for 2009/10.	90% expenditure on OPEX	Comparative reports.		
		% expenditure on Operational budget	Business plans	100% expenditure in line with plans.			
Planned Performance Area	Objective	% expenditure in line with plans.	Base line	Annual Target	Q4		
IGR	Support Co-ordination of the district-wide clusters/forum meetings.	Key Performance Indicator	Functional IGR Structure in Place.	1. 10 x Monthly Reports; 4 x Quarterly meetings held.	2 x Monthly and 1 x Quarterly meetings held. (25%) (R15 000)	75% below target	
Internal Audit	To provide independent, objective	Number of meetings held: Monthly and	2009/2010 IA Reports	24 Internal Audit reports issued and 4	6 Internal Audit reports. 4th Quarter Report. (20%) R100	75% below target	

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	Assurance and Consulting Services designed to add value and improve the GSDM's operations and to help the GSDM accomplish its objectives by bringing in a systematic, disciplined approach to evaluate and improve the adequacy and effectiveness of risk management, control, and governance processes.	Quarterly		interventions/ quarters per year.	000.00		

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Performance Management	To ensure accountability	Number of Internal Audit Reports issued	2009/2010 4 IA Performance Management reports generated	4 Performance Reports compiled	Submission of 2010/11 3rd Quarter report. (25%)	75% below target	
Internal Audit Charter	Define and set out the nature, role, purpose, responsibility and authority of the IAA within GSDM	Number of Performance Reports compiled	2009/2010 IA Charter	<ul style="list-style-type: none"> • 100% Approval of IA Charter • 100% implementation IA Charter 	Submission of 2010/11 3rd Quarter report (25%)	75% below target	
Internal Audit Planning	To outline in detail to the Municipal Manager and the Audit Committee the areas which will be reviewed by the Internal Audit Activity so that they are able to	<ul style="list-style-type: none"> • Percentage approval of IA Charter • Percentage Implementation of the IA Charter 	2009/2010 IA Plans	100% Risk-Based Internal Audit Plan approved	<ul style="list-style-type: none"> • Developed Risk Based IA Plan for 2011/12 (20%) • Submission of 2010/11 3rd Quarter report (25%) 	<ul style="list-style-type: none"> • 80% below target • 75% below target 	

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
	form a view on whether the planned coverage and scope is sufficient to meet their needs?						
Policies and Procedures	To guide the audit staff in the consistent compliance with the Internal Audit Activity's standards of performance.	Percentage approval of Internal Audit Plan	2009/10 IA Methodology and Operating Manual	Internal Audit Methodology and Operating Manual approved by AC	Review of the IA Methodology and Operating Manual for 2011/12 (20%)	80% below target	
Reporting	Report to Audit Committee on a regular basis on IAA's work performed	100% approval of Internal Audit Manual	2009/10 4 AC Meetings	4 AC meetings Held	Presented 2010/11 3rd Quarter IA Report to AC (25%)	75% below target	

Key Performance Area (KPA)	Objective	Key Performance Indicator (KPI)	Baseline Indicator (as per year ending 30/06/2009)	Annual Target (for 2009/2010)	Actual Performance	Variance	Reason
Strengthen the co-ordination of governance structures and facilitate sound intergovernmental relations	Coordination of Internal Auditors' District Forum	4 AC meetings attended	<ul style="list-style-type: none"> • 2009/2010 District IA Forum Meetings • 2009/2010 Provincial IA Forum Meetings 	6 District IA Forum Meetings and 4 Provincial IA Forum Meetings	<ul style="list-style-type: none"> • Two District IA forum meetings Held (33%) • One Provincial IA Forum meeting held (25%) 	<ul style="list-style-type: none"> • 67% below target • 75% below target 	
		*6 District Internal Audit Forum Meetings held * 4 Provincial IA Forum Meetings held					

Table 29: SDBIP of the Planning and Economic Development

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
SDF Approval and Development of Applications Guidelines	SDF Approved and Applications Guidelines Developed	<ul style="list-style-type: none"> -The SDF has been approved by council; -SDF Applications Guidelines have been developed and renamed a Draft Municipal Infrastructure Investment Policy. -The Draft Policy has been presented to the Extended Management for Consultation. 	<ul style="list-style-type: none"> -Non-responsiveness by departments in terms of providing inputs on the draft policy. 	<ul style="list-style-type: none"> - Coordinate departments to provide inputs. 	<ul style="list-style-type: none"> -Spatial Development Framework Document. -Draft Municipal Infrastructure Investment Policy
Finalisation and Promulgation of LUMS in five LMs	All LUMS Promulgated	<ul style="list-style-type: none"> -The LUMS could not be promulgated by all local municipalities owing to non-enactment of the Land Use Management Bill (LUMB). 	<ul style="list-style-type: none"> -Non-enactment of LUMB. - Insufficient capacity of Local 	<ul style="list-style-type: none"> - Build capacity in Local Municipalities. 	<ul style="list-style-type: none"> - Five Land Use Management Schemes (LUMS) in five Local Municipalities. -District Spatial Planning Lekgotla

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
		<p>- A Spatial Planning Lekgotla was convened to deliberate on broader spatial development matters and it resolved amongst others on exploring alternative Land Use Mechanisms in the absence of the regulated process.</p> <p>In this regard, a draft Framework on Land Use Management for areas not covered by existing schemes has been formulated.</p>	<p>Municipalities to deal with Land Use Management Issues.</p> <p>-The implementation of the draft policy on areas not covered by the existing schemes will rely heavily on involvement of traditional leaders.</p>	<p>- Involve traditional leaders in all Land Use Management activities and encourage a good working relationship between traditional leadership and Local Municipalities.</p>	<p>report.</p> <p>-Draft framework on Land Use Management on areas not covered by the existing schemes.</p>
Finalisation of Township Establishment Processes and Precinct Plans	Land Acquired for Fetakgomo and Jane Furse	-Fetakgomo: Portion 2 of the Farm Hoeraroep has been transferred to the Fetakgomo LM.			1. Deed of donation for portion 2 of farm Hoeraroep 515 KS.

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
		<p>-The Jane Furse land acquisition processes has not been finalised. However the following has been achieved:</p> <ul style="list-style-type: none"> • Community resolutions finalised. • Land valuation undertaken. • Finalisation of the land valuation and agreement on the compensation model. <p>-Jane Furse has been designated as an anchor project for the implementation of Comprehensive Rural Development Programme (CRDP) in Sekhukhune District.</p>	Land acquisition process is heavily dependent on the finalisation of the compensation model with the affected community.	Expedite the finalization of the compensation model	<ol style="list-style-type: none"> 1. Community resolutions. 2. Communiqué form regional Land Claims Commissioner. 3. Land valuation report. 4. CRDP status quo assessment report.

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
	Township Establishment Application Lodged with the Tribunal	<p>The Apel Township Establishment Application was lodged with the Development Planning Tribunal which was not approved owing to land release concerns;</p> <p>The Jane Furse Township Establishment has not been lodged owing to finalisation of the land acquisition processes.</p> <p>However in anticipation of the resolution of the land acquisition matters, an invitation has been extended to prospective service providers for technical studies towards the Township Establishment</p>	<p>-The application was not approved by the tribunal owing to concerns raised by the tribunal around issues of land release. However the tribunal has been engaged to resolve this impasse.</p> <p>- Lack of funds for land acquisition and township establishment processes.</p>	-The Development Planning Tribunal to convene a formal hearing to reconsider the application.	<p>Apel Township Establishment Application.</p> <p>Jane Furse Township Establishment Terms of Reference (TOR).</p>

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
		processes.			
	Four Precinct Plans Finalised	<p>The four Precinct Plans have been finalised and approved by various LMs;</p> <p>Over and above the finalisation of the plans, an implementation mechanism has been drafted for the full implementation of the Precinct Plans.</p>	<p>Fiscal constraints would always be a key factor in the implementation of Precinct Plans.</p> <p>The implementation of the precinct plans is also reliant on strong coordination mechanisms between the District and Local Municipalities as well as other agencies.</p> <p>Furthermore, dedicated capacity will be required to ensure that the Precinct Plans are implemented.</p>	<ul style="list-style-type: none"> - Coordinate the implementation process between the District, Local Municipalities and other agencies. - Secure funds for the implementation process. 	Four Precinct plans: Apel, Jane Furse, Marblehall and Groblersdal.
Initiation of 5 New Precinct Plans	5 New Areas Identified and Terms of Reference Completed Preliminary Status Quo Conducted for those areas	The new areas were not identified owing to lack of funds. The district submitted an application to DBSA for financial support but it was not approved.	Lack of funding	To explore various financial mechanisms	Application pack to DBSA

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
Matlelerekeng Formalisation Completed	All outstanding issues identified and addressed	<p>Two key critical issues were identified as outstanding in this project that is land transfer and township establishment application.</p> <p>With respect to land transfer the Minister approved land transfer subject to certain conditions. The conditions have been met by Ephraim Mogale Municipality except the provision of "2 certified approved copies of the SG's diagram of the property to be transferred".</p> <p>With regard to township establishment all the technical work has been done and only awaiting the deed of donation from the Minister. The deed will</p>	Non- responsiveness of the SGs office.	- Liaise with the SG's office to finalise the matter.	None

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
		only be provided once all the conditions have been met.			
GIS Development	GIS Strategy Developed and Spatial Information Desk Established.	The GIS Strategy has been finalised and the Spatial Information Desk is operational.	The full implementation of a fully functional spatial information service is going to be a protracted process requiring management buy in, users exposure, investments in software's and hardware's.	<ul style="list-style-type: none"> - Acquisition of software's and hardware's for full functionality. - Develop users training schedule 	-GIS Strategy Report
Burgersfort Master Plan Development	Project 100% Complete	The Project Steering Committee has been established for the project on the 7 th of April 2010. An inception report is in place.	Although challenges has been addressed with DLGH on the initial project the Project Co-ordinator still has to internally account on the mismanagement of the Project	None	-Inception report

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
Sekhukhune Development Agency	Agency at Establishment Phase	The Development Agency is currently in the establishment phase with the Board in place and the IDC having approved the Establishment Phase Business Plan	The incoming CEO has to be inducted and be supported for a reasonable period in time	The Process Driver period has to be extended for at least two months from the CEOs appointment; The IDC Intern contract which is expiring on the 30 June 2010 also has to extend to ensure that the CEO is supported.	
SMME Development	Development of viable and vibrant SMMEs in manufacturing, food production, small scale mining, trade and tourism related businesses.	Tadimasekgapa Mining co-operative was supported with brick manufacturing machine. Ntlaparu Stone Crushing Cooperative – consists of 24 members. The supplier was appointed to supply Brick-making machine and related equipments. ECM Chemical Supply – supported on products	None	None	1. Grant contract signed with the beneficiaries. 2. Number of jobs created.

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
		<p>development and testing of 7 products (foam bath, dishwasher, fabric softener, wax floor polish, pine gel, bleach and handy cleaner) for quality assurance/ SABS compliance. 40 members of Tourism Association were trained on Accommodation Accreditation processes, and the 2010 opportunities. Participated in the Limpopo Business Exhibition and Entrepreneurs Development Conference on 20-22 April 2010. Promoted youth owned business by renting exhibition stall and accommodated 09 established aspiring youth entrepreneurs from our district, participated to</p>			

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
		<p>showcase their products. A total of 211 people visited our stall.</p> <p>Exhibitions – Kenya DTI Consumer Show –</p> <p>Together with Local Municipalities, we facilitated the participation of our local SMMEs in the Kenya – Tanzania International Consumer Show driven by DTI from 11 – 25 June 2010. The following products were showcased during the show: leather shoes, belts, wallets, bags, fashion textiles, cosmetics, home decoration items, beauty products. Bakgobokane Cooperative from Makhuduthamaga Local Municipality attended the exhibition.</p>			
Meat Cluster	Well developed and properly	Lepelle Goats project – (Makhuduthamaga	None	None	

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
Development	managed Meat Cluster. Provision of support of 50 livestock farmers and requisite infrastructure for meat cluster development.	<p>Municipality) – erection of 24km fence for grazing camps was completed. 70 people were employed during the erection of fence and the total number of beneficiaries is 46 members.</p> <p>Cattle Crush Pans (Makhuduthamaga Municipality) – the construction of 3 crash pans for dipping tanks were completed at Koringkoppies, Magalies B and Phokwane). Total number of beneficiaries is 75. Bapedi Sheep – (Fetakgomo Municipality) The development of livestock watering facilities (borehole, windmill, water tank, drinking trough) were completed at Legabeng La Phasha, at Sehweleshane</p>			

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
		<p>drilling at first attempt was unsuccessful as the borehole had insufficient water to be equipped with windmill, then submission for variation order to drill the second borehole was approved and the contractor drilled the second borehole and found enough water and is preparing to equip with windmill facilities. The total number of beneficiaries is 78 members.</p> <p>Nala Poultry Project (Elias Motsoaledi) – supplied additional building materials for construction of broiler house.</p>			
Horticulture Cluster Development	Well developed and properly managed Horticulture Cluster. Provision of support of 50 crop	Fetakgomo Farming Cooperative (Fetakgomo) was assisted with the rehabilitation of borehole and water	The delays to appoint the preferred bidder for Ebenezer vegetable project is derailing	To include the project in the new financial year if funds available to develop small	

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
	production to farmers and requisite infrastructure.	<p>pump machine. It has 26 project members as beneficiaries.</p> <p>Matabane Cooperative (Elias Motsoaledi) A 36 member cooperative in the Rossenekaal, Laersdrift and Uitkyk area. The co-operative was assisted with soil sampling, soil analysis and interpretation of the results.</p> <p>Ebenezer Vegetable Project (Ephraim Mogale) – tender was advertised for the supply and construction of fencing materials, irrigation system, drilling and equipping of a borehole, and the appointment of the bidder was done. The project consists of 5 members. Lima Uphile Veg. Project (Elias</p>	the process of support and render the project ineffective.	irrigation system.	

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
		<p>Motsoaledi) – Supplied the fencing material of 5 hectors arable land. The erection of fence by project members is continuing under the supervision of the technician from the Limpopo Department of Agriculture as requested and it consists of 7 beneficiaries. Itireleng Farmers Project (Ga-Mokgotho) – composed of 45 members. Training was conducted on Basic Business Skill. 6 Executive Committee members were taken to exposure trip to Matana MA Achar Making Factory and to the WMC Sheet Metals (manufacturing achar making equipments) both in Tzaneen</p> <p>. Kopano Disabled Cooperative (Ephraim</p>			

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
		Mogale) – the supplier was appointed to supply vegetable planter and boom sprayer. Consist of 12 beneficiaries.			
Fresh produce markets	Bankable business plan.	Terms of Reference was developed. The project was put on hold.	None	None	Business Plan
Leverage investment into agro-processing	Implementation of feasibility study program of action.	Terms of Reference was developed. The project was put on hold.	None	None	Business Plan
Development of Tjate Heritage Site	Development of Tjate heritage site on phases.	Implementation of Phase 4 of the project entailed landscaping, site development and archaeology at Ntswaneng, Development of Mission Station site, Discovery and development of ancient Royal Residential site, Two road signs for Tjate have been constructed on each side of the R37, and 5 tour guides were trained and stationed at the site as	Lack of sufficient budget.	Explore partnership mechanisms.	Reports

PROJECT	SDBIP ANNUAL TARGET	PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE
		four guides. Phase 5 of Tjate implementation plan in place.			
Development of master plan for Manchie Masemola tourism cluster development	Implementable Master Plan in place.	The Master Plan is completed.	None	None	Master Plan developed
Development of locational Master Plan and business and business plans for products development in De Hoop Dam	Appoint of the service provider.	Awaiting for the appointment of the service provider	Delays on the appointment.	The intervention to unlock the process was requested.	Master Plan developed
Cultural Tourism Route	Tourism route ready for marketing.	The draft tourism route plan in place.	None	None	Report.
IDP	2010/11 IDP/Budget developed and adopted by council.	IDP/Budget 2010/11 has been developed and adopted by Council.	None	None	IDP Document for 2010/11 in place. Process Plan and IDP Framework in place

4.2 Conclusion

The GSDM has presented its performance progress against performance objectives and targets for the 2009/2010 financial year. While there is significant progress made in the various functional areas, the municipality believes that further progress still has to be made in order to improve service delivery. The reported performance will continue not only to be barometer of how far the District municipality has performed but also as an organisational diagnosis tool to honestly reflect on performance weaknesses that requires urgent attention.

The District municipality hopes that the performance report presented in this annual report would be read with that consideration

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Part 2: FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION

GREATER SEKHUKHUNE DISTRICT MUNICIPALITY

(REGISTRATION NUMBER DC47)

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2010**

Chapter 5: Financial Statements

5.1 General Information

Legal form of entity	Municipality
Nature of business and principal activities	Government Works
Executive Mayor	Mr Magabe MD
Speaker	Cllr Matlala R M (Speaker)
Mayoral Councillors	Cllr Mokoka KSD Cllr Mathale MJ Cllr Thamaga M Cllr Lekola F Cllr Mokganyetsi M J Cllr Sekhukhune MS Cllr Sihlangu TL Cllr Motene KJ
Ordinary Councillors	Cllr Nchabeleng TL Cllr Masemola MO Cllr Kekana KN Cllr Mampuru TK Cllr Modibetsane NJ Cllr Makitla RJ Cllr Radingwana MJ Cllr Siloane LM Cllr Mokgabudi MP Cllr maepa MM Cllr Matsepe CD Cllr Sindane VJ Cllr Mamekoa RS Cllr Malomane H Cllr Kgwedi SM Cllr Leshaba AN Cllr Mahlo SA Cllr Mokhabela QA Cllr Matlala MA Cllr Monama GR Cllr Makuwa TH Cllr Malaka MS Cllr Masemola MAS

	Cllr Marota MC Cllr Mampuru NS
Oversight Committee	Cllr Masemola MO (Chairperson) Cllr Matlala RM Cllr Maepa MM Cllr Maseko SJ Cllr Mampuru TK Cllr Mampuru NS Mr Masaeko P Kgoshi Mogashoa Ms Pkokoana L
Grading of local authority	High capacity municipality
Accounting Officer	Mr Makunyane MS
Chief Finance Officer (CFO)	Ms Lengwate TM
Accounting Officer	Mr MS Makunyane
Registered office	No 3 Wes Street Groblersdal 0470
Business address	No 3 Wes Street Groblersdal 0470
Postal address	Private bag x 8611 Groblersdal 0470
Bankers	ABSA Bank limited
Auditors	Auditor General
Attorneys	Rachoene + Associates Mateme Makgahlele Attorney Mphela + Associates Maserumule Incorporated S O Ravele Attorneys Matabane Inc Maditi Matsepe Attorneys Lebea & Associates Attorneys
Development Entity	Sekhukhune Development Agency
Incorporated	30 June 2009
Board members	Mr Makotanyane Morwamoche (Chairperson) Mr Mashabela Abram Dr Marepo Lesetja Mr Maphutha Mantsitsi Mr Mokgotho Peter Ms MankgeTiny Mr Nkadameng Clifton Mr Matlala Ndumiso Mrs Boshielo M(Chairperson)

Audit Committee Members

Mr Mokwele P
Mr Masegare P
Mr Mahonga

5.2 Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7. I certify that the salaries, allowances and benefits of Councillors, loans made to councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 19 of these financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2009 and were signed on its behalf by:

The annual financial statements set out on pages 7 to 64, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2010 and were signed on its behalf by:

Mr MS Makunyane

Municipal Manager

31 August 2010

5.3 Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2010.

1. Review of activities

Main business and operations

Net deficit of the municipality was R 24 102 513 (2009: surplus R 191 315 449).

2. Going concern

We draw attention to the fact that at 30 June 2010, the municipality had accumulated surplus of R 2 858 715 359 and that the municipality's total assets exceed its liabilities by R 2 858 715 359.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name
Mr MS Makunyane

6. Bankers

The municipality banks primarily with ABSA Bank Limited.

7. Auditors

The Auditor General will continue in office for the next financial period.

8. Public Private Partnership

In accordance with the Public Private Partnership agreement, the Contractor shall open a separate account with a bank registered in the Republic of South Africa, for the purpose of administering and separate safekeeping of:

- ☐ moneys deposited as excess surpluses;
- ☐ any foreign exchange rate amounts;
- ☐ any service credits; and
- ☐ any penalties for later service commencement text.

5.4 Statement of Financial Position

Figures in Rand

	Note(s)	2010	2009
Assets			
Current Assets			
Inventories	7	3 956 596	-
VAT receivable	8	115 643 241	32 280 386
Consumer debtors	9	4 095 038	22 469 548
Cash and cash equivalents	10	52 913 241	368 601 675
		176 608 116	423 351 609
Non-Current Assets			
Property, plant and equipment	4	3 118 911 505	2 773 649 489
Total Assets		3 295 519 621	3 197 001 098
Liabilities			
Current Liabilities			
Finance lease obligation	12	806 684	1 125 784
Trade and other payables	15	147 333 103	74 619 607
Unspent conditional grants and receipts	13	278 475 045	184 921 871
Provisions	14	7 441 067	582 418
Bank overdraft	10	-	9 427 006
		434 055 899	270 676 686
Non-Current Liabilities			
Finance lease obligation	12	2 748 362	3 368 666
Total Liabilities		436 804 261	274 045 352
Net Assets		2 858 715 360	2 922 955 746
Net Assets			
Accumulated surplus		2 858 715 359	2 922 955 746

5.5 Statement of Financial Performance

Figures in Rand

	Note(s)	2010	2009
Revenue			
Government grants & subsidies	21	501 801 773	536 468 565
Interest received - investment	29	18 746 990	52 178 698
Other income		1 191 247	442 174
Royalties received		-	11 189
Service charges	20	1 261 307	974 865
Total Revenue		523 001 317	590 075 491
Expenditure			
Personnel	26	(137 225 556)	(101 273 885)
Remuneration of councillors	27	(6 833 101)	(5 570 936)
Depreciation and amortisation	30	(101 243 889)	(83 272 747)
Finance costs	31	(650 345)	(1 735 477)
Debt impairment	28	(3 568 607)	(3 621 841)
Collection costs		(1 850 307)	(23 747)
Repairs and maintenance		(10 241 997)	(1 169 126)
Bulk purchases	33	(63 893 332)	(299 584)
General Expenses	24	(222 220 846)	(201 792 699)
Total Expenditure		(547 727 980)	(398 760 042)
Gain or loss on disposal of assets and liabilities		624 150	-
(Deficit) surplus for the year		(24 102 513)	191 315 449

5.6 Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total Assets
Balance at 01 July 2009	2 731 640 297	2 731 640 297
Changes in net assets		
Surplus for the year	191 315 449	191 315 449
Total changes	191 315 449	191 315 449
Balance at 01 July 2009	2 882 817 872	2 882 817 872
Changes in net assets		
Surplus for the year	(24 102 513)	(24 102 513)
Total changes	(24 102 513)	(24 102 513)
Balance at 30 June 2010	2 858 715 359	2 858 715 359
Note(s)		

5.7 Cash Flow Statement

Figures in Rand

	Note(s)	2010	2009
Cash flows from operating activities			
Receipts			
Sale of goods and services		1 261 307	974 869
Grants		501 801 773	536 468 565
Interest income		18 746 990	52 178 698
Other receipts		1 191 247	453 363
		523 001 317	590 075 495
Payments			
Employee costs		(144 068 023)	(106 844 818)
Suppliers		(197 585 345)	(253 203 496)
Finance costs		(650 345)	(1 735 477)
		(342 303 713)	(361 783 791)
Net cash flows from operating activities	34	180 697 604	228 291 704
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(450 101 904)	(398 179 621)
Proceeds from sale of property, plant and equipment	4	2 415 436	-
Additions to property, plant and equipment funded prior year		(11 565 241)	26 923 359
Net cash flows from investing activities		(459 251 709)	(371 256 262)
Cash flows from financing activities			
Movement in loans to directors, managers and employees		-	275 763
Finance lease payments		(939 404)	3 265 196
Other non- cash item		10 620 485	-
Net cash flows from financing activities		9 681 081	3 540 959
Net increase/(decrease) in cash and cash equivalents		(268 873 024)	(139 423 599)
Cash and cash equivalents at the beginning of the year		359 174 669	436 240 154
Effect of exchange rate movement on cash balances		(37 388 404)	62 358 114
Cash and cash equivalents at the end of the year	10	52 913 241	359 174 669

5.8 Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell.

These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. .

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

Contingent provisions on business combinations

Contingencies recognised in the current year required estimates and judgments, refer to note on acquisition of businesses.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 5.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- ☐ use in the production or supply of goods or services or for
- ☐ administrative purposes, or
- ☐ sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the enterprise, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The fair value of investment properties has not been reviewed as the municipality have applied the transitional provisions as set out in Directive 4. The municipality is in the process of determining the the fair value of all its investment properties. A service provider was acquired to assist with the process.

Transitional provision

The municipality changed its accounting policy for investment property in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure investment property for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Investment property. Investment property has accordingly been recognised at provisional amounts, as disclosed in . The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and investment property has accordingly been recognised at provisional amounts, as disclosed in .

Until such time as the measurement period expires and investment property is recognised and measured in accordance with the requirements of the Standard of GRAP on Investment property, the municipality need not comply with the Standards of GRAP on:

- ☐ Presentation of Financial Statements (GRAP 1),
- ☐ The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- ☐ Leases (GRAP 13),
- ☐ Segment Reporting (GRAP 18),
- ☐ Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Investment property implies that any associated presentation and disclosure requirements need not be complied with for investment property not measured in accordance with the requirements of the Standard of GRAP on Investment property.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- ☐ it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- ☐ the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are not depreciated as the municipality have applied the transitional provisions as set out in Directive 4. The municipality is in the process of determining the residual values and useful life of all assets. A service provider was acquired to assist with the process.

Item	Average useful life
Buildings	30 years
Plant and machinery	5-15 years
Motor vehicles	5-7 years
IT equipment	3-5 years
Infrastructure	
<input type="checkbox"/> Roads, pavements, bridges and storm water	10-30 years
<input type="checkbox"/> Water reservoirs and reticulation	15-20 years
<input type="checkbox"/> Street names, signs and parking meters	5-7 years
<input type="checkbox"/> Water meters	7 years
<input type="checkbox"/> Car parks, bus terminals and taxi ranks	20 years
<input type="checkbox"/> Electricity reticulation	15-30 years
<input type="checkbox"/> Electricity meters	10 years
Community	
<input type="checkbox"/> Parks and gardens	10-30 years
<input type="checkbox"/> Sport fields	20-30 years
<input type="checkbox"/> Community halls	30 years
<input type="checkbox"/> Libraries	30 years
<input type="checkbox"/> Recreation facilities	20-30 years
<input type="checkbox"/> Clinics	30 years
<input type="checkbox"/> Fire services	30 years

□ Cemeteries	30 years
Security measures	3-10 years
Specialised vehicles	15-20 years

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

If the related asset is measured using the revaluation model:

- ☐ changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to other comprehensive income and accumulated in the revaluation surplus in equity, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to other comprehensive income as a decrease to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- ☐ in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- ☐ a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and to other comprehensive income under (a). If a revaluation is necessary, all assets of that class are revalued.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- ☐ is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- ☐ arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- ☐ it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- ☐ the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- ☐ it is technically feasible to complete the asset so that it will be available for use or sale.
- ☐ there is an intention to complete and use or sell it.

- ☐ there is an ability to use or sell it.
- ☐ it will generate probable future economic benefits or service potential.
- ☐ there are available technical, financial and other resources to complete the development and to use or sell the asset.
- ☐ the expenditure attributable to the asset during its development can be measured reliably.

After initial recognition, intangible assets are carried at revalued amount, being fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that at the reporting date the carrying amount of the asset does not differ materially from its fair value.

Any increase in the carrying amount of an intangible asset, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in the carrying amount of an intangible asset, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.6 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- ☐ Loans and receivables
- ☐ Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment in other comprehensive income and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to / (from) economic entities

Loans to economic entities are classified as loans and receivables.

Loans from economic entities are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and

default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- ☐ the rights to receive cash flows from the asset have expired;
- ☐ the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- ☐ the municipality has transferred its rights to receive cash flows from the asset and either
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial

asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation / (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation / (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- ☐ (a) the period of time over which an asset is expected to be used by the municipality; or
- ☐ (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- ☐ its recoverable amount (if determinable); and
- ☐ the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.10 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation / (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment

losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation / (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- ☐ (a) the period of time over which an asset is expected to be used by the municipality; or
- ☐ (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a non-cash-generating asset is the present value of the non-cash-generating asset's remaining service potential.

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to

reflect the asset in its used condition. An asset may be replaced either through reproduction / (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of a cash-generating asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation / (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation / (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.11 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the municipality is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.13 Provisions and contingencies

Provisions are recognised when:

- ☐ the municipality has a present obligation as a result of a past event;
- ☐ it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

- ☐ a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- ☐ has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- ☐ has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- ☐ necessarily entailed by the restructuring; and
- ☐ not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 35.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9 and 1.10.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or

expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- ☐ the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- ☐ the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- ☐ the amount of revenue can be measured reliably;
- ☐ it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- ☐ the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- ☐ the amount of revenue can be measured reliably;
- ☐ it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- ☐ the stage of completion of the transaction at the reporting date can be measured reliably; and
- ☐ the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- ☐ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- ☐ The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- ☐ it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- ☐ the amount of the revenue can be measured reliably; and
- ☐ there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

- ☐ it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- ☐ the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Levies

Levies are recognised as revenue when:

- ☐ it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- ☐ the amount of the revenue can be measured reliably.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- ☐ the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- ☐ internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- ☐ historical information on declarations previously submitted by defaulting levy payers; and
- ☐ the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are

processed as an adjustment to levies revenue.

Government grants

Government grants are recognised as revenue when:

- ☐ it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- ☐ the amount of the revenue can be measured reliably, and
- ☐ to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- ☐ it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- ☐ the amount of the revenue can be measured reliably; and
- ☐ to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.16 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- ☐ overspending of a vote or a main division within a vote; and
- ☐ expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is:

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or

that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;

(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or

(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.23 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the

future, actual results ultimately may differ from those estimates.

1.24 Presentation of currency

These annual financial statements are presented in South African Rand.

1.25 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.26 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.27 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.28 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.29 Research and development expenditure

Research costs are charged against operating surplus as incurred. Development costs are recognised as an expense in the period in which they are incurred unless the following criteria are met:

- ☐ The product or process is clearly defined and the costs attributable to the process or product can be separately identified and measured reliably;
- ☐ The technical feasibility of the product or process can be demonstrated;
- ☐ The existence of a market or, if to be used internally rather than sold, its usefulness to the municipality can be demonstrated;

- Adequate resources exist, or their availability can be demonstrated, to complete the project and then market or use the product or process; and
- The asset must be separately identifiable.

Where development costs are deferred, they are written off on a straight-line basis over the life of the process or product, subject to a maximum of five years. The amortization begins from the commencement of the commercial production of the product or use of the process to which they relate.

5.9 Notes to the Annual Financial Statements

Figures in Rand

2010

2009

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

- First time implementation of GRAP.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2009 is as follows:

Statement of financial position

Statement of financial performance

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 4: The Effects of Changes in Foreign Exchange Rates

The initial application of GRAP 4 will have no impact on the annual financial statements.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application on the initial adoption of the Standard except for the acquisition of foreign operations.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 5: Borrowing Costs

This Standard allows entities, in the exceptionally rare cases, to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. This applies when it is inappropriate to capitalise borrowing costs.

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of an entity directly to the nature of the expenditure to be funded i.e. capital or current. In such cases, an entity shall expense those borrowing costs related to a qualifying asset directly to the statement of financial performance.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires that the Standard will only apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires that the Standard will only apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires only prospective application of the

Standard and only will apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 6: Consolidated and Separate Financial Statements

GRAP 6 includes specific guidance on whether control exists and on power conditions to determine whether control exists in a public sector context – public sector entities need to consider impact of this guidance to determine whether an investment should be accounted for in accordance with GRAP 6.

GRAP 6 includes specific guidance and explanatory material on the accounting of special purpose entities adopted from SIC 12 – SA specific public sector amendment. Public sector entities need to consider impact of this guidance to determine whether an investment should be accounted for in accordance with GRAP 6.

The initial application of GRAP 6 will have no impact on the annual financial statements.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for separate annual financial statements. For consolidated annual financial statements the result of initially adopting the Standard shall be recognised in the economic entity as an adjustment to the opening balance of accumulated surplus or deficit and comparative information need not be restated for the economic entity.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard for separate annual financial statements. For consolidated annual financial statements the result of initially adopting the Standard shall be recognised in the economic entity as an adjustment to the opening balance of accumulated surplus or deficit and comparative information need not be restated for the economic entity.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 7: Investments in Associates

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The investor must exercise judgement in the context of all available information to determine if it has significant influence over an investee.

An investor accounts for investments in associates in the consolidated annual financial statements using the equity method.

The initial application of GRAP 7 will have no impact on the annual financial statements.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for

separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 8: Interests in Joint Ventures

GRAP 8 uses a different definition for joint venture and joint control – contractual arrangement has been replaced by binding arrangement (public sector amendment) – public entities need to review current arrangements to determine whether they fall within the scope of GRAP 8 as a result of the public sector amendment.

Applying the definition of joint control as defined in this Standard may result in the identification of other entities that are also jointly controlled ventures in addition to those identified by complying with applicable legislation.

GRAP 8 incorporates guidance adopted from SIC13 on Non-monetary Contributions by ventures issued by the IASB i.e. provisions for accounting for non-monetary contributions to a jointly controlled entity in exchange for an equity interest in the jointly controlled entity that is accounted for using either the equity method or proportionate consolidation. (Par.57-62).

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity or proportionate consolidation method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity or proportionate consolidation method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 9: Revenue from Exchange Transactions

The definition of revenue in terms of GRAP 9 incorporates the concept of service potential. Revenue is the gross inflow of economic benefits or service potential when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Entities may derive revenue from exchange or non-exchange transactions.

An exchange transaction is one in which the municipality receives resources or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange.

Non-exchange revenue transaction is a transaction where an entity receives value from another entity without directly giving approximately equal value in exchange.

An entity recognises revenue when it is probable that economic benefits or service potential will flow to the municipality, and the municipality can measure the benefits reliably.

GRAP 9 clarifies that this Standard only applies to revenue from exchange transactions.

Other than terminology difference, no affect on initial adoption of Standard on GRAP 9.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 10: Financial Reporting in Hyperinflationary Economies

GRAP 10 includes additional guidance as adopted from Financial Reporting in Hyperinflationary Economies (IFRIC 7) on Applying the Restatement Approach.

The initial application of GRAP 4 will have no impact on the annual financial statements.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is set out in note 2 Changes in Accounting Policy.

GRAP 11: Construction Contracts

The definition for "construction contract" was expanded by including a binding arrangement that do not take the form of a legal contract within the scope of the Standard.

Definition for "cost plus or cost based contract" has been expanded to include commercially-based contract.

The scope has been expanded to include cost based and non-commercial contracts.

Public entities need to review contracts to determine whether they fall within the scope of the Standard based on the above changes.

GRAP 11 incorporates the concept of service potential in the condition to determine whether the outcome of a construction contract can be estimated reliably. The requirement to recognise an expected deficit on a contract immediately when it becomes probable that contract costs will exceed total contract revenue applies only to contracts in which it is intended at the inception of the contract that contract costs are to be fully recovered from the parties to that contract (par.47).

Other than the above requirements, there is no other affect on initial adoption of GRAP 11.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 12: Inventories

GRAP 12 includes the definition of current replacement costs as the cost the municipality would incur to acquire the asset on the reporting date. GRAP 12 also includes the principal of service potential associated with the item that will flow to the municipality as part of recognition criteria for inventories as well as the concept of goods purchased or produced for distribution at no charge or for a nominal consideration, which is specific to the public sector.

Initial measurement is required at cost (an exchange transaction) and where inventories are acquired at no cost or nominal consideration (non-exchange transaction), their cost shall be their fair value at acquisition date.

Subsequent measurement shall be at lower of cost and net realisable value except if inventories are held for:

- ☐ distribution at no charge or for a nominal charge, or
- ☐ consumption in the production process of goods to be distributed at no charge or for a nominal charge.

If the above applies then subsequent measurement shall be at the lower of cost or current replacement cost.

The retail method of measurement of cost is excluded from GRAP 12.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities are not required to measure inventories in accordance with the requirements of the Standard for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 13: Leases

GRAP 13 incorporates additional guidance on the concept of substance and legal form of a transaction, to illustrate the difference between lease and other contracts and on operating lease incentives.

In certain circumstances, legislation may prohibit the entering into certain types of lease agreements. If the municipality has contravened these legislative requirements, the municipality is still required to apply the requirements of GRAP 13.

Other than the abovementioned requirements, there is no other impact on the initial adoption of GRAP13.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, the recognition requirements of the Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires

retrospective application of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment or the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 14: Events after the reporting date

An event, which could be favourable or unfavourable, that occurs between the reporting date and the date the annual financial statements are authorised for issue.

GRAP 14 requires the date of authorisation for issue is the date on which the annual financial statements have received approval from management to be issued to the executive authority or municipal council.

Two types of events can be identified:

- ☐ those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- ☐ those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

An entity shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date.

An entity shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 16: Investment Property

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of an entity's operations.

GRAP 16 states that the use of property to provide housing as a social service does not qualify as investment property even though rentals are earned.

At initial recognition, investment property is measured at cost including transaction costs. However, where an entity acquires investment property through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost

is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

After initial recognition, entities can carry investment property at either the fair value (fair value model) or cost less accumulated depreciation and accumulated impairment (cost model).

An entity is required to disclose the fair value of investment property if the cost model is used. When an entity carries investment properties at fair value, the fair value needs to be determined at every reporting date. Gains or losses arising from changes in fair value are included in surplus or deficit for the period in which they arise.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities are not required to measure investment properties in accordance with the requirements of the Standard for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 17: Property, Plant and Equipment

GRAP 17 does not require or prohibit the recognition of heritage assets but if an entity recognises heritage assets the municipality needs to comply with GRAP 17 disclosure requirements.

Additional commentary has been included in to clarify the applicability of infrastructure assets to be recognised in terms of GRAP 17.

Where an entity acquires an asset through a non-exchange transaction, i.e. for a nominal or no consideration, its cost is its fair value as at the date of acquisition.

The disclosure requirement for temporarily idle, fully depreciated property, plant and equipment and for property, plant and equipment that are retired from active use is required in GRAP 17 whereas IAS 16 only encourages this disclosure.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. However, entities that applied the transitional provisions in the Standard of GAMAP on Property, Plant and Equipment may continue to take advantage of those transitional provisions until they expire.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities that applied the transitional provisions in the Standard of GAMAP on Property, Plant and Equipment may continue to take advantage of those transitional provisions until they expire. Entities are also not required to measure classes of Property, Plant and Equipment in accordance with the requirements of the Standard for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is set out in note 2 Changes in Accounting Policy.

GRAP 19: Provisions, Contingent Liabilities and Contingent Assets

GRAP 19 exclude from its scope those provisions and contingent liabilities arising from social benefits for which it does not receive consideration that is approximately equal to the value of goods and services provided directly in return from the recipients of those benefits.

For the purpose of GRAP 19, social benefits refers to goods, services and other benefits provided in the pursuit of the social policy objective of a government. This Standard includes guidance on the accounting of these social benefits.

Outflow of resources embodying service potential also needs to be considered in when assessing if a present obligation that arises from past events exists or not.

The Standard includes accounting for obligations to make additional contributions to a fund. This is similar to the requirements of IFRIC5 (AC438).

It further includes the accounting for the changes in existing decommissioning, restoration and similar liabilities. This is similar to the requirements of IFRIC1 (AC434).

GRAP 19 give specific guidance regarding restructuring by way of transfers that will take place under a government directive and will not involve binding agreements. An obligation exists only when there is a binding transfer agreement.

Additional disclosure for each class of provision regarding reductions in the carrying amounts of provisions that result from payments or other outflows of economic benefits or service potential made during the reporting period and reductions in the carrying amounts of provisions resulting from remeasurement of the estimated future outflow of economic benefits or service potential, or from settlement of the provisions without cost to the municipality.

If an external valuation is use to measure a provision the information relating to the valuation can usefully be disclosed.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional

institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. However, where items have not been recognised as a result of transitional provisions under the Standard on Property, Plant and Equipment, the recognition requirements of the Standard on Provisions, Contingent Liabilities and Contingent Assets would not apply to such items until the transitional provisions in that Standard expire.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, where items have not been recognised as a result of transitional provisions under the Standard on Property, Plant and Equipment, the recognition requirements of the Standard on Provisions, Contingent Liabilities and Contingent Assets would not apply to such items until the transitional provisions in that Standard expire.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 100: Non-current Assets Held for Sale and Discontinued Operations

GRAP 100 includes in its scope the reference to non-cash generating assets. It further includes definitions relevant to the understanding of the Standard e.g. "Non-cash-generating assets" are assets other than cash-generating assets and "value in use of a non-cash-generating asset" is the present value of the asset's remaining service potential.

GRAP 100 excludes from the description of a discontinued operation reference to a controlled entity acquired exclusively with a view to resale.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires prospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires prospective application of the Standard. However, the Standard would not apply to those items that have not been recognised as a result of the transitional provisions under the Standard of Property, Plant and Equipment until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires prospective application of the Standard. However, the Standard would not apply to those items that have not been recognised as a result of the transitional provisions under the Standards of GRAP on Inventories, Investment Property, Property, Plant and Equipment, Agriculture and Intangible Assets until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 102: Intangible Assets

GRAP 102 excludes guidance on accounting for intangible assets acquired as part of an entity combination and in-process research and development costs acquired in an entity combination.

Recognition requirement includes the concept of the probable flow of service potential.

GRAP 102 distinguishes between impairment loss of cash generating and non-cash-generating assets.

Intangible assets acquired at no or for a nominal cost shall be measured on acquisition date at its fair value.

In GRAP 102 the identifiability criterion in the definition of an intangible asset has been expanded to include contractual rights arising from binding arrangements, and to exclude rights granted by statute.

Additional guidance included in GRAP 102 to explain that distinction should be made between assets associated with the item of property, plant and equipment and the intangible asset.

Guidance on web site costs has been included in GRAP 102 from SIC Interpretation 32 Intangible Assets – Web Site Costs.

Guidance on intangible assets that may be acquired in exchange for non-monetary assets, where the exchange transaction lacks commercial substance has not been included in GRAP 102 as guidance to be included in GRAP 23.

GRAP 102 does not state "gains shall not be classified as revenue" as GRAP term "income" has a broader meaning than the term "revenue".

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard.

Directive 4 - Transitional provisions for medium and low capacity requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard. Entities are not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible Assets.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

IPSAS 21: Impairment of Non Cash-Generating Assets

The method of measurement of value in use of a non-cash-generating asset under this Standard is different to that applied to a cash generating asset.

Asset should be measured by reference to the present value of the remaining service potential of the asset.

Determining value in use (present value of remaining service potential) of a non-cash-generating asset, may be the depreciated replacement cost approach, restoration cost approach and service units approach.

This Standard does not require entities to apply an impairment test to property, plant and equipment carried at revalued amounts.

This Standard does not include a decrease in market value significantly greater than would be expected as a result of the passage of time or normal use as a minimum indication of impairment. This indication is included as an additional indication that impairment may exist.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

IPSAS 20: Related Party Disclosure

IPSAS 20 specifically excludes any consideration provided to key management personnel solely as a reimbursement for expenditure incurred by those individuals for the benefit of the reporting entity.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

3.2 Standards and Interpretations early adopted

The municipality has not chosen to early adopt any standards and interpretations.

3.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2010 or later periods:

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the municipality.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2010.

The municipality expects to adopt the standard for the first time in the 2011 annual financial statements.

The impact of this standard is currently being assessed.

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- ☐ a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- ☐ an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- ☐ Employee benefits as all forms of consideration given by an municipality in exchange for service rendered by employees;
- ☐ Defined contribution plans as post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- ☐ Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- ☐ Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:

- pool the assets contributed by various entities that are not under common control; and
- use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the municipality that employs the employees concerned;
- ☐ Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- ☐ Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- ☐ Post-employment benefit plans as formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees;
- ☐ Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- ☐ State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- ☐ Termination benefits as employee benefits payable as a result of either:
 - an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- ☐ Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- ☐ Short-term employee benefits;
 - All short-term employee benefits;
 - Short-term compensated absences;
 - Bonus, incentive and performance related payments;
- ☐ Post-employment benefits: Defined contribution plans;
- ☐ Other long-term employee benefits;
- ☐ Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- ☐ Multi-employer plans;
- ☐ Defined benefit plans where the participating entities are under common control;
- ☐ State plans;
- ☐ Composite social security programmes;
- ☐ Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- ☐ Recognition and measurement;
- ☐ Presentation;
- ☐ Disclosure;
- ☐ Accounting for the constructive obligation;
- ☐ Statement of financial position;
- ☐ Asset recognition ceiling;
- ☐ Asset recognition ceiling: When a minimum funding requirement may give rise to a

- liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
 - Actuarial valuation method;
 - Attributing benefits to periods of service;
 - Actuarial assumptions;
 - Actuarial assumptions: Discount rate;
 - Actuarial assumptions: Salaries, benefits and medical costs;
 - Actuarial gains and losses;
 - Past service cost.
- Plan assets:
 - Fair value of plan assets;
 - Reimbursements;
 - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality expects to adopt the standard for the first time in the 2012 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

4. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulate d depreciation	Carrying value	Cost / Valuation	Accumulate d depreciation	Carrying value
Land	4 260 625	-	4 260 625	660 625	-	660 625
Buildings	16 636 773	(732 204)	15 904 569	13 763 356	-	13 763 356
Leasehold Asset	4 963 117	(2 891 480)	2 071 637	4 820 423	(1 804 714)	3 015 709
Furniture and fixtures	6 672 865	(977 692)	5 695 173	3 654 933	(146 739)	3 508 194
Motor vehicles	12 525 244	(2 133 061)	10 392 183	6 477 416	(789 410)	5 688 006
Office equipment	11 826 505	(2 135 284)	9 691 221	5 843 879	(46 607)	5 797 272
Community	79 452 148	(53 269 008)	26 183 140	79 452 148	(48 714 355)	30 737 793
Roads and Stormwater	1 990 860 52	(1 084 861 45	905 999 075	1 944 463 56	(1 027 096 90	917 366 665
	6	1)	8	3)		
Capital work in progress	1 150 446 33	-	1 150 446 33	772 001 889	-	772 001 889
	8	8				
Wastewater network	188 724 711	(65 376 690)	123 348 021	188 724 711	(61 670 115)	127 054 596
Water network	1 239 244 59	(374 325 076	864 919 523	1 239 244 59	(345 189 215	894 055 384
	9)	9)		
Total	4 705 613 45	(1 586 701 94	3 118 911 50	4 259 107 54	(1 485 458 05	2 773 649 48
	1	6)	5	7	8)	9

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Depreciation	Total
Land	660 625	3 600 000	-	-	4 260 625
Buildings	13 763 356	2 873 417	-	(732 204)	15 904 569
Leasehold Asset	3 015 709	1 947 408	-	(2 891 480)	2 071 637
Furniture and fixtures	3 508 194	3 706 699	(688 768)	(830 952)	5 695 173
Motor vehicles	5 688 006	7 104 407	(1 056 578)	(1 343 652)	10 392 183
Office equipment	5 797 272	6 028 566	(45 940)	(2 088 677)	9 691 221
Community	30 737 793	-	-	(4 554 653)	26 183 140
Roads and Stormwater	917 366 665	46 396 958	-	(57 764 548)	905 999 075
Capital work in progress	772 001 889	378 444 449	-	-	1 150 446 33
				8	
Wastewater network	127 054 596	-	-	(3 706 575)	123 348 021
Water network	894 055 384	-	-	(29 135 861)	864 919 523

2 773 649 48 450 101 904 (1 791 286) (103 048 602 3 118 911 50

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Reconciliation of property, plant and equipment - 2009

	Opening balance	Additions	Additions through business combination s	Other changes, movements	Depreciation	Total
Land	660 625	-	-	-	-	660 625
Buildings	1 385 713	12 693 990	-	-	(316 347)	13 763 356
Leasehold Asset	1 533 635	2 331 601	-	-	(849 527)	3 015 709
Furniture and fixtures	2 105 489	1 207 503	-	341 941	(146 739)	3 508 194
Motor vehicles	2 436 693	3 065 095	-	975 628	(789 410)	5 688 006
Office equipment	6 474 544	868 896	-	727 884	(2 274 052)	5 797 272
Community	35 515 792	-	-	-	(4 777 999)	30 737 793
Roads and Stormwater	956 853 432	-	-	-	(39 486 767)	917 366 665
Capital work in progress	420 340 388	330 383 858	19 606 475	1 671 168	-	772 001 889
Wastewater network	118 494 256	12 276 188	-	-	(3 715 848)	127 054 596
Water network	908 649 902	15 746 015	-	-	(30 340 533)	894 055 384
	2 454 450 469	378 573 146	19 606 475	3 716 621	(82 697 222)	2 773 649 489

Assets subject to finance lease (Net carrying amount)

Leasehold Asset	2 071 637	3 015 709
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4. Property, plant and equipment (continued)

Transitional provisions

Due to a transfer of functions

Steps taken to establish the values of property, plant and equipment recognised at provisional amounts due to the transfer of functions, is as follows:

Provisional amounts retrospectively adjusted during the year, are as follows (refer to note 2 for effect on the annual financial statements):

The date at which full compliance with GRAP 17 is expected, is 30 June 2012.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

5. Retirement benefits

Defined benefit plan

Pension benefits

The Municipality provision for post-retirement benefit to eligible Councilors and employees who belong to different pension schemes. These Funds are governed by the Pension Fund Act and include both defined benefit and defined contribution schemes. Employees are members of either Municipal Employees Pension Fund, Municipal Gratuity Fund or SAMWU Provident Fund and the Councilors belong to Municipal Councilors Pension Fund. Employees who are not on total package contribute 7.5% and employer contributes 22%. Employees on total package choose how much to contribute. Councilors contribute 13.75% and employer contributes 15%.

6. Insurance fund

The municipality has a self insurance fund, which is administrated by Lion of Africa, an insurance contingency fund administrator. Contributions to this insurance contingency fund are made at the discretion of the municipality's directors. Claims against the fund are processed as qualifying incidents occur.

A contribution was made to the insurance fund after year end, to ensure its liquidity.

7. Inventories

Merchandise	3 956 596	-
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Transitional provisions

Due to initial adoption of GRAP 12

Consumable goods	3 956 596	-
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Steps taken to establish the values of inventories recognised at provisional amounts due to the initial adoption of GRAP 12, is as follows:

The municipality will employ the services of a valuator to accurately determine the valuation method and valuation of consumables to comply with Grap 12.

The date at which full compliance with GRAP 12 is expected, is 30 June 2006.

8. VAT receivable

VAT	115 643 241	32 280 386
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9. Consumer debtors**Gross balances**

Water	952 386	510 577
Regional services levies	-	368 664
Other - (Interest and other major items)	3 142 652	21 590 307
	4 095 038	22 469 548

Net balance

Water	952 386	510 577
Regional services levies	-	368 664
Other - (Interest and other major items)	3 142 652	21 590 307
	4 095 038	22 469 548

Water

Current (0 -30 days)	260 835	-
31 - 60 days	133 532	16 810
61 - 90 days	79 616	35 819
90-120 days	506 305	49 957
121 - 365 days	-	26 604
> 365 days	-	381 387
Undefined Difference	(27 902)	-
	952 386	510 577

Regional services levies

> 365 days	-	368 664
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Sundry debtors

Current (0 -30 days)	(16 041 765)	13 846 955
31 - 60 days	272 078	(36 986)
61 - 90 days	(486 680)	-
91 - 120 days	-	6 849 105
121 - 365 days	20 647 112	5 801 166
Provisions for bad debts	(1 248 092)	(4 869 933)
Undefined Difference	(1)	-
	3 142 652	21 590 307

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2010, R 2 632 138 (2009: R 4 837 103) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Consumer debtors impaired

As of 30 June 2010, consumer debtors of R 65 567 151 (2009: R 54 378 837) were impaired and provided for.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	13 601 104	51 172
Bank balances	7 497 923	152 634 492
Other cash and cash equivalents	31 814 214	215 916 011
Bank overdraft	-	(9 427 006)

10. Cash and cash equivalents (continued)

	52 913 241	359 174 669
Current assets	52 913 241	368 601 675
Current liabilities	-	(9 427 006)
	52 913 241	359 174 669

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
ABSA BANK - Investment - 20 6921 0644	-	30 156 165	-	30 156 165
ABSA BANK - Investment - 20 6957 5541	31 808 219	25 626 176	31 808 219	25 626 176
FNB BANK - Investment - 712 152 216 66	-	30 944 277	-	30 944 277
FNB BANK - Investment - 712 4038 3704	-	32 141 003	-	32 141 003
FNB BANK - Investment - 712 4038 3704	7 497 923	30 456 023	7 497 923	30 456 023
NED BANK - Investment - 800 083 042	-	10 702 446	-	10 702 446
RAND MERCHANT BANK - Investment - FD09K19001	-	30 952 027	-	30 952 027
RAND MERCHANT BANK - Investment - FD09107010	-	30 129 288	-	30 129 288
ABSA BANK - Primary Account - 4053013501	13 548 000	5 958 117	13 548 000	(9 427 006)
ABSA BANK - Secondary Account - 4053013666	-	-	53 104	51 225
STANDARD BANK - Investment - 338 805 435	-	30 126 000	-	30 126 000
STANDARD BANK - Investment - 338 805 435	-	46 739 005	-	46 739 005
STANLIB BANK - Investment - 755 445 00	-	70 578 094	-	70 578 094
Total	52 854 142	374 508 621	52 907 246	359 174 723

11. Other financial liabilities

Refer to appendix A for more details on the loans.

12. Finance lease obligation**Present value of minimum lease payments due**

- within one year	207 487	246 257
- in second to fifth year inclusive	-	249 811

Present value of minimum lease payments

207 487 496 068

Non-current liabilities	2 748 362	3 368 666
Current liabilities	806 684	1 125 784
	3 555 046	4 494 450

The average lease term was 4-6 years and the average effective borrowing rate was linked to the prime lending rate.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 4.

13. Unspent conditional grants and receipts**Unspent conditional grants and receipts comprises of:****Unspent conditional grants and receipts**

Municipal Infrastructure Grant	1 578 700	-
Municipal Systems Improvement Grant	(66)	338 434
Municipal Infrastructure Grant	239 004 798	139 337 140
Municipal Finance Management Grant	1 150 812	626 265

13. Unspent conditional grants and receipts (continued)

Agriculture Feasibility Study - LED	279 250	1 523 825
CMTF	-	4 702
Transport Plan	-	66 705
Water and Sanitation	32 558 232	38 833 538
Planning Infrastructure Grant	3 903 319	3 903 319
Umsombovu Youth Fund	-	287 943
	278 475 045	184 921 871

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 21 for reconciliation of grants from Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

14. Provisions**Reconciliation of provisions - 2010**

	Opening Balance	Additions	Total
Environmental rehabilitation	-	5 774 763	5 774 763
Provision for leave pay	582 418	1 083 886	1 666 304
	582 418	6 858 649	7 441 067

Reconciliation of provisions - 2009

	Opening Balance	Total
Provision for bonus	582 418	582 418

15. Trade and other payables

Anglo Platinum loan	7 573 011	14 550 079
Accrued leave pay	11 928 404	6 567 884
Accrued expense 2	49 694 851	5 203 304
Accrued expense 3	835 398	720 390
Retention	77 301 439	47 577 950
	147 333 103	74 619 607

16. VAT payable**17. Consumer deposits****18. Revenue**

Service charges	1 261 307	974 865
Government grants & subsidies	501 801 773	536 468 565
	503 063 080	537 443 430

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	1 261 307	974 865
-----------------	-----------	---------

Figures in Rand

2010

2009

18. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Government grants & subsidies

501 801 773

536 468 565

19. Property rates

Rates received

20. Service charges

Sale of water

1 261 307

974 865

21. Government grants and subsidies

Equitable share	219 939 923	176 450 059
Systems information grant	327 300	210 152
Umsobomvu youth fund	287 943	713 338
Water infrastructure grant	92 429 581	137 626 444
Municipal infrastructure grant	169 853 341	220 281 454
Transport grant	66 705	733 295
LED Grant	1 830 318	216 000
Municipal finance grant	975 453	237 823
Government grant (operating) 8	16 091 209	-
	501 801 773	536 468 565

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

CBPWP Grant

Balance unspent at beginning of year	-	14 616
Current-year receipts	1 578 700	-
Conditions met - transferred to revenue	-	(14 616)
	1 578 700	-

Provide explanations of conditions still to be met and other relevant information

Municipal System Improvement Grant

Balance unspent at beginning of year	338 434	548 587
Conditions met - transferred to revenue	(338 500)	(210 153)
	(66)	338 434

All conditions to the FMG Grant were met during the year.

Municipal Infrastructure Grant

Balance unspent at beginning of year	139 337 140	194 044 594
Current-year receipts	269 521 000	165 574 000
Conditions met - transferred to revenue	(169 853 342)	(220 281 454)
	239 004 798	139 337 140

All conditions to the Municipal Systems Improvement Program Grant were met during the year.

Municipal Finance Management Grant

Balance unspent at beginning of year	626 265	364 088
Current-year receipts	1 500 000	500 000
Conditions met - transferred to revenue	(975 453)	(237 823)
	1 150 812	626 265

All conditions to the Integrated National Electrification Programme Grant were met during the year.

Agriculture Feasibility Study - LED

Balance unspent at beginning of year	1 523 825	1 739 825
Current-year receipts	585 744	-

21. Government grants and subsidies (continued)

Conditions met - transferred to revenue

(1 830 319)

-

Other

-

(216 000)

279 250**1 523 825**

Conditions still to be met - remain liabilities (see note 13)

Provide explanations of conditions still to be met and other relevant information

Grant 7

Conditions still to be met - remain liabilities (see note 13)

Provide explanations of conditions still to be met and other relevant information

Grant 8

Conditions still to be met - remain liabilities (see note 13)

Provide explanations of conditions still to be met and other relevant information

Grant 9

Conditions still to be met - remain liabilities (see note 13)

Provide explanations of conditions still to be met and other relevant information

CMTP grant

Balance unspent at beginning of year

4 702

4 702

Conditions met - transferred to revenue

(4 702)

-

-

4 702

Conditions still to be met - remain liabilities (see note 13)

Provide explanations of conditions still to be met and other relevant information

Transport Plan Grant

Balance unspent at beginning of year

66 705

66 705

Conditions met - transferred to revenue

(66 705)

-

-

66 705

Conditions still to be met - remain liabilities (see note 13)

Provide explanations of conditions still to be met and other relevant information

Water and Sanitation

Balance unspent at beginning of year

38 833 538

9 555 357

Current-year receipts

102 245 484

166 904 625

Conditions met - transferred to revenue

(108 520 790)

(137 626 444)

32 558 232**38 833 538**

Conditions still to be met - remain liabilities (see note 13)

Provide explanations of conditions still to be met and other relevant information

21. Government grants and subsidies (continued)**Planning Infrastructure Grant**

Balance unspent at beginning of year	3 903 319	3 903 319
--------------------------------------	-----------	-----------

Conditions still to be met - remain liabilities (see note 13)

Provide explanations of conditions still to be met and other relevant information

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

22. Other revenue

Royalties received	-	11 189
Other income	1 191 247	442 174
	1 191 247	453 363

23. Other income

The above grant is received based on the municipality's compliance with the SDL regulations and training as per the Skills Development Act.

24. General expenses

Accommodation	2 983 517	2 684 736
Advertising	1 130 506	855 416
Assessment rates & municipal charges	874 082	306 430
Assets expensed	1 746 120	1 746 120
Auditors remuneration	2 342 052	2 867 885
Bank charges	119 210	89 336
Community development	8 307 472	377 215
Chemicals	2 616 704	47 775
Cleaning	1 452 139	586 800
Community services	6 009 359	12 321 697
Computer expenses	581 953	486 452
Conferences and seminars	739 375	359 668
Consulting and professional fees	5 520 240	5 377 523
Consumables	103 065 743	75 506 288
Consumables	3 864 978	70 099
Consultancy Fees	1 586 260	575 868
Donations	590 403	8 889
Entertainment	877 365	879 060
Environment cleaning	17 617 997	29 527 787
Fines and penalties	126 574	-
Fleet	5 780 787	3 238 762
Flowers	84 782	103 554
Gifts	176 871	-
Tools	2 410 884	208 577
IT expenses	435 403	736 423
Insurance	1 448 565	1 856 250
Lease rentals on operating lease	4 466 665	2 594 117
Magazines, books and periodicals	50 848	43 818
Marketing	3 155 252	2 654 034
Medical expenses	-	2 333
Motor vehicle expenses	10 321 462	2 138 996
General expenses	9 956 182	41 633 872
Postage and courier	33 229	11 450
Printing and stationery	1 311 108	411 501
Promotions	307 923	244 670
Secretarial fees	171 454	-
Security (Guarding of municipal property)	8 373 196	2 346 436
Software expenses	636 856	347 701
Stock written off	87	25 859
Subscriptions and membership fees	897 228	1 667 228
Telephone and fax	2 547 973	1 715 398
Tourism development	548 152	-
Training	447 843	230 328
Travel - local	6 506 047	4 906 348
	222 220 846	201 792 699

25. Operating surplus/(deficit)

Figures in Rand

2010

2009

Operating surplus/(deficit) for the year is stated after accounting for the following:

Operating lease charges

Premises

□ Contractual amounts

3 256 769

1 949 199

Equipment

□ Contractual amounts

1 209 896

644 918

4 466 665

2 594 117

25. Operating surplus/(deficit) (continued)

Gain on sale of property, plant and equipment
Depreciation on property, plant and equipment
Employee costs

624 150	-
101 243 889	83 272 747
144 058 657	106 844 821

26. Employee related costs

Basic	92 220 621	65 855 953
Medical aid - company contributions	3 444 308	2 123 868
UIF	364 342	263 505
WCA	572 173	3 977 075
SDL	1 155 517	868 216
Other payroll levies	374 525	150 258
Leave pay provision charge	1 555 393	1 056 740
Overtime payments	5 351 925	2 549 345
Industrial levies	25 440	16 193
Car allowance	7 169 378	6 069 652
Housing benefits and allowances	2 190 374	2 154 856
Post retirement contributions	372 539	290 180
Leave bought out	5 322	-
Uniform allowance	552 502	204 052
Other # 7	13 316 835	8 335 582
Other # 8	29 629	862 059
	128 700 823	94 777 534

Remuneration of municipal manager

Annual Remuneration including benefits and allowances	955 011	531 763
Car Allowance	72 000	203 063
Contributions to UIF, Medical and Pension Funds	35 513	-
Other	-	15 000
Grouplife	4 017	3 756
Skill levy	9 169	-
	1 075 710	753 582

Remuneration of chief finance officer

Annual Remuneration including benefits and allowances	746 619	552 759
Car Allowance	72 000	72 000
Contributions to UIF, Medical and Pension Funds	19 886	-
Grouplife	2 652	2 231
Skills Levy	7 485	-
Cellphone	-	12 000
	848 642	638 990

Remuneration of Director Administration

Annual Remuneration including benefits and allowances	637 009	441 965
Car Allowance	96 000	60 000
Contributions to UIF, Medical and Pension Funds	43 242	-
Grouplife	4 413	-
Skills Levy	6 202	2 303
Cellphone	-	10 000
	786 866	514 268

Remuneration of Acting Director Water Services

Annual Remuneration	579 459	-
Car Allowance	180 027	-
Contributions to UIF, Medical and Pension Funds	13 380	-
Grouplife	3 411	-
Skills Levy	6 268	-

26. Employee related costs (continued)**782 545****-****Remuneration of Director Human Resources**

Annual Remuneration including benefits and allowances	726 073	417 330
Car Allowance	96 000	115 833
Contributions to UIF, Medical and Pension Funds	20 413	-
Group life	5 431	1 330
Skills levy	7 512	-
Cellphone	-	12 000
	855 429	546 493

Remuneration of Director Community Services

Annual Remuneration including benefits and allowances	666 401	451 121
Car allowance	111 480	111 480
Contributions to UIF, Medical and Pension Funds	1 461	-
Group life	5 431	5 356
Skills levy	7 512	-
Cellphone	-	12 000
	792 285	579 957

Remuneration of Director Technical Services

Annual Remuneration including benefits and allowances	513 489	507 732
Car Allowance	105 820	126 984
Contributions to UIF, Medical and Pension Funds	1 214	-
Group life	3 682	1 085
Skills levy	5 791	-
ellphone	-	12 000
	629 996	647 801

Remuneration of Director Planning and Economic Development

Annual Remuneration including benefits and allowances	598 545	457 394
Car Allowance	92 280	92 280
Contributions to UIF, Medical and Pension Funds	43 461	-
Group life	2 283	1 988
Skills levy	6 290	-
Cellphone	-	12 000
	742 859	563 662

Remuneration of Director Executive Mayors' Office

Annual Remuneration including benefits and allowances	395 082	485 162
Car Allowance	56 000	48 000
Performance Bonuses	83 989	-
Contributions to UIF, Medical and Pension Funds	46 297	-
Group life	5 013	3 793
Cell phone	-	12 000
	586 381	548 955

Remuneration of Director Communications

Annual Remuneration including benefits and allowances	-	519 033
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26. Employee related costs (continued)

Car Allowance	-	72 000
Performance Bonuses	-	12 000
Grouplife	-	3 767
	-	606 800

Remuneration of Director Strategic Management

Annual Remuneration including benefits and allowances	671 938	473 162
Car Allowance	60 000	72 000
Contributions to UIF, Medical and Pension Funds	75 584	-
Grouplife	2 659	2 364
Skills Levy	6 022	-
	816 203	547 526

Remuneration of Chief Operations Officer

Annual Remuneration including benefits and allowances	462 100	-
Car Allowance	62 250	-
Contributions to UIF, Medical and Pension Funds	78 600	-
Grouplife	311	-
Skills levy	4 556	-
	607 817	-

All directors, non executive managers and other officials as per council cellphone policy are entitled to use of cellphone at council costt

27. Remuneration of councillors

Executive Mayor	581 311	661 303
Mayoral Committee Members	2 267 937	3 174 016
Speaker	522 433	446 844
Councillors	2 826 117	1 288 773
	6 197 798	5 570 936

In-kind benefits

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Mayor has three full-time Schufferes .

All councillors are entitled touse of cellphone at council cost

28. Debt impairment

Debt impairment	3 568 607	3 621 841
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29. Investment revenue**Interest revenue**

Bank and investments	18 746 990	52 178 698
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30. Depreciation and amortisation

30. Depreciation and amortisation (continued)

Property, plant and equipment	101 243 889	83 272 747
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As this was the first year of GRAP, the municipality elected to apply the transitional provision as set out in directive 4. Therefore no depreciation was calculated hence the useful life and residual value of assets were not calculated.

31. Finance costs

Current borrowings	650 345	1 735 477
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32. Auditors' remuneration

Fees	2 342 052	2 867 885
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33. Bulk purchases

Electricity	8 276 423	-
Water	54 987 690	-
Bulk paper	629 219	299 584
	63 893 332	299 584

34. Cash generated from/(used in) operations

Surplus / (deficit)	(24 102 513)	191 315 449
Adjustments for:		
Depreciation and amortisation	101 243 889	83 272 747
Loss on sale of assets and liabilities	(624 150)	-
Interest income	-	(52 178 699)
Debt impairment	3 568 607	-
Movements in provisions	6 858 649	582 418
Prior period errors	-	2 446 192
Changes in working capital:		
Inventories	(3 956 596)	-
Consumer debtors	14 805 903	28 030 486
Trade and other payables	72 713 496	35 506 203
VAT	(83 362 855)	(34 911 543)
Unspent conditional grants and receipts	93 553 174	(25 771 549)
	180 697 604	228 291 704

35. Contingencies

TRADES AND PAYABLE ISSUES

Litigation is in the process against the municipality relating to a disputes with creditors who alleges that the municipality has defaulted payments on services rendered and they are seeking damaged of R 1019516. The municipality 's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case should be resolved within the next two years.Should the action be successful the municipality does have insurance cover to cover litigation costs and claims. The total litigations will be covered from the accumulated surplus.

There is no reimbursement from any third parties for potential obligations of the municipality.

LABOUR ISSUES

Litigation is in process against the municipality relating to disputes with its employees who alleges that the municipality has unfairly dismiss them from work and they are seeking settlements of R 986179.The municipality' lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, the cases shold be resolved within the next two years.

Should the ations be successful the municipality does not have insurance cover to cover litigations costs and claim.The total litigations will be covered from the accumulated surplus

Contingent assets

Subsequent to the disciplinary hearing in respect of the fruitless and wasteful expenditure referred to in Note 42, civil proceedings have commenced against the employees concerned to recover an amount of R -. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.

36. Related parties

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Relationships

Accounting Officer

Close family member of key management

Refer to accounting officer's report note

Ntshudisane[Mrs Ntshudisane MJ- Key Management

Post employment benefit plan for employees of entity and/or other related parties Pension Funds, Medical aid schemes and GroupLife insurance

Related party balances**Amounts included in general expenses regarding related parties: Office lease agreements**

Thaneka

714 990

-

Ntshudisane

218 911

-

Amounts included in general expenses regarding related parties: rendering of construction services

MPRN

19 589 181

-

Mathomomayo

403 586

-

Amounts included in general expenses regarding related parties: rendering of security services

Maximum Security

2 199 845

-

Thaneka and Ntshudisane are providing leasing of office rental to the municipality. Lease agreements have been entered into with the municipality prior employment of Mrs Ntshudisane MJ to the municipality as Chief Operations Officer. Council has condoned the transactions since there is still shortage of office space in the area.

The payments to MPRN, Maximum Security and Mathomomayo are for service rendered, contracts have been concluded prior appointments as board members of the agency.

Payment made to key management and close member of family

Tshudisane MJ

Payments made

714 990

Closing balance

714 990

Maphutha M- Agency board member

19 589 181

19 589 181

Ntshudisane- husband to senior member of management

218 911

218 911

Mashabela- Agency board member

2 603 431

2 603 431

23 126 513**23 126 513****Key management information****37. Accounting Officer's emoluments****Executive****Non-executive**

38. Prior period errors

The following prior year errors were identified and adjusted retrospectively:

- Investments disclosed under other financial assets were disclosed at a value lower than their actual value.

- The other financial liabilities, Development Bank of South Africa loans, were disclosed at a value lower than the

- Bank fraud was not disclosed in the prior year financial statements.

- Some of the consumer deposits were omitted.

- Trade payables, for which no substantiating evidence was found were recognised in the prior year without

- VAT was incorrectly calculated.

- All consumer debtors were not recognised

- Trade receivables from exchange transactions were recognised with no surity that the funds will be received

balan

38. Prior period errors (continued)

- Accruals were incorrectly processed
- The finance leases not recognised
- A equitable share grant receivable was not recognised
- Consumer debtors who paid their accounts in advance were not reallocated to trade and other receivables.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Accruals	-	(4 554 213)
Cash and cash equivalents	-	3 512 054
Consumer debtors	-	-
Property , Plant & Equipment	-	19 606 475
Finance leases	-	-
Opening Accumulated Surplus or Deficit	-	19 606 475
Trade and other payables	-	(4 554 213)
Trade and other receivables from exchange transactions	-	-
		33 616 578

Statement of financial performance

General expenses	-	2 446 189
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Cash flow statement**Cash flow from operating activities**

Other 1	-	2 446 189
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Cash flow from investing activities

Purchases of PPE	-	19 606 475
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39. Risk management**Capital risk management**

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 11, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as

38. Prior period errors (continued)

shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2010 and 2009 respectively were as follows:

Total borrowings

Finance lease obligation	12	3 555 046	4 494 450
Anglo Platinum loan		7 573 011	14 550 079
		11 128 057	19 044 529
Less: Cash and cash equivalents	10	52 913 241	359 174 669

39. Risk management (continued)

Net debt	(41 785 184)	(340 130 14 0)
Total equity	2 858 715 3 59	2 922 955 7 46
Total capital	2 816 930 1 75	2 582 825 6 06

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

40. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

41. Unauthorised expenditure**42. Fruitless and wasteful expenditure**

Opening balance	1 076 730	437 468
Movements	386 585	671 524
Written - off	-	(32 262)
	1 463 315	1 076 730

Fraudulent payments occurred in the prior year. These were handed over to the special investigation unit of Limpopo.

43. Irregular expenditure

Opening balance	-	344 482
Less: Amounts condoned	-	(344 482)
	-	-

39. Risk management (continued)**Analysis of expenditure awaiting condonation per age classification**

Current year	386 745	671 524
Prior years	1 076 730	405 206
	1 463 475	1 076 730

43. Irregular expenditure (continued)**Details of irregular expenditure – current year**

-

Details of irregular expenditure condoned

-

Details of irregular expenditure recoverable (not condoned)

-

Details of irregular expenditure not recoverable (not condoned)

-

44. Professional and special services**45. Utilisation of Long-term liabilities reconciliation**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

46. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix D for the comparison of actual operating expenditure versus budgeted expenditure.

47. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix B for the comparison of actual capital expenditure versus budgeted expenditure.

48. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Appendix A: Schedule of external loans

Appendix A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

Installment	Redeemable due date	Present value balance at 30 June 2008	Received during the period	Redeemed written off during the period(instalments not paid)	Present value balance at 30 June 2010	Discount as at 30 Jun 09, Carrying Value of Property, Plant & Equip	Discount as at 30 Jun 2010 Other, Costs in accordance with the MFMA(transfer to NDR)
		Rand	Rand	Rand	Rand	Rand	Rand

LONG-TERM LOANS

Rustenburg Anglo Platinum @ 15.5%	542,690.52	2004/06/30	986 031	-	986 031	-	-	-
	542,690.52	2004/12/30	915 110	-	915 110	-	-	-
	542,690.52	2005/06/30	849 290	-	849 290	-	-	-
	542,690.52	2005/12/30	788 204	-	788 204	-	-	-
	542,690.52	2006/06/30	731 512	-	731 512	-	-	-
	542,690.52	2006/12/30	678 897	-	678 897	-	-	-
	542,690.52	2007/06/30	630 067	-	630 067	-	-	-

542,690.52	2007/12/30	584 749	-	584 749	-	-	-
542,690.52	2008/06/30	542 691	-	542 691	-	-	-
542,690.52	2008/12/30	518 701	-	518 701	-	23 990	-
542,690.52	2009/06/30	495 771	-	495 771	-	46 919	-
542,690.52	2009/12/30	473 855	44 845	-	518 700	68 835	23 990
542,690.52	2010/06/30	452 908	42 863	-	495 771	89 782	46 919
542,690.52	2010/12/30	432 887	40 968	-	473 855	109 803	68 835
542,690.52	2011/06/30	413 751	39 157	-	452 908	128 939	89 782
542,690.52	2011/12/30	395 461	37 426	-	432 887	147 229	109 803
542,690.52	2012/06/30	377 980	35 772	-	413 752	164 711	128 939
542,690.52	2012/12/30	361 271	34 190	-	395 461	181 420	147 229
542,690.52	2013/06/30	345 301	32 679	-	377 980	197 390	164 711
542,690.52	2013/12/30	330 037	31 234	-	361 271	212 654	181 420
542,690.52	2014/06/30	315 447	29 854	-	345 301	227 243	197 390
542,690.52	2014/12/30	301 503	28 534	-	330 037	241 188	212 654
542,690.52	2015/06/30	288 175	27 273	-	315 448	254 516	227 243
542,690.52	2015/12/30	275 436	26 067	-	301 503	267 255	241 188
542,690.52	2016/06/30	263 260	24 915	-	288 175	279 431	254 516
542,690.52	2016/12/30	251 622	23 813	-	275 435	291 068	267 255
542,690.52	2017/06/30	240 499	22 761	-	263 260	302 191	279 431
542,690.52	2017/12/30	229 868	21 754	-	251 622	312 823	291 068
542,690.52	2018/06/30	219 706	20 793	-	240 499	322 984	302 191

	542,690.52	2018/12/30	209 994	19 874	-	229 868	332 696	312 823
			13 899 984	584 772	7 721 023	6 763 733	4 203 067	3 547 387
STRUCTURED LOANS			-	-	-	-	-	-
FUNDING FACILITY			-	-	-	-	-	-

DEVELOPMENT BANK OF
SOUTH AFRICA

- - - - -

TOTAL EXTERNAL LOANS

13 899 984 584 772 7 721 023 6 763 733 4 203 067 3 547 387

Appendix B: Analysis of property, plant and equipment

The supplementary information presented does not form part of the annual financial statements and is unaudited

Appendix B

June 2010

Analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation

Accumulated depreciation

Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Land and buildings

Land (Separate for AFS purposes)	660 625	3 600 000	-	-	-	-	4 260 625	-	-	-	-	-	4 260 625
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	13 763 356	2 873 417	-	-	-	-	16 636 773	-	-	-	(732 204)	(732 204)	15 904 569

14 423 981	6 473 417	-	-	-	-	20 897 398	-	-	-	(732 204)	-	(732 204)	20 165 194
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Infrastructure

Roads, Pavements & Bridges	917 366 66 46 396 958 5	-	-	-	-	963 763 62 3	-	-	-	(57 764 548)	-	(57 764 548)	905 999 07 5
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	894 055 38 4	-	-	-	-	894 055 38 4	-	-	-	(29 135 861)	-	(29 135 861)	864 919 52 3
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	127 054 59 6	-	-	-	-	127 054 59 6	-	-	-	(3 706 575)	-	(3 706 575)	123 348 02 1
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-

Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 938 476 645	46 396 958	-	-	-	-	1 984 873 603	-	-	-	(90 606 984)	-	(90 606 984)	1 894 266 619	

Community Assets

Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	30 737 793	-	-	-	-	-	30 737 793	-	-	-	(4 554 653)	-	(4 554 653)	26 183 140	
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

30 737 793	-	-	-	-	-	30 737 793	-	-	-	(4 554 653)	-	(4 554 653 26 183 140)
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Appendix B

June 2010

Analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation

Accumulated depreciation

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Other assets														
General vehicles	5 688 006	7 104 407	(1 056 578)	-	-	-	11 735 835	-	-	-	(1 343 652)	-	(1 343 652)	10 392 183
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	3 508 194	3 706 699	(688 768)	-	-	-	6 526 125	-	-	-	(830 952)	-	(830 952)	5 695 173
Office Equipment	5 797 272	6 028 566	(45 940)	-	-	-	11 779 898	-	-	-	(2 088 677)	-	(2 088 677)	9 691 221
Office Equipment - Leased	3 015 709	1 947 408	-	-	-	-	4 963 117	-	-	-	(2 891 480)	-	(2 891 480)	2 071 637
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

June 2010

Analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation

Accumulated depreciation

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	772 001 889	415 452 742	-	(37 008 293)	-	-	1 150 446 338	-	-	-	-	-	-	1 150 446 338
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or	-	-	-	-	-	-	-	-	-	-	-	-	-	-

June 2010

Cost/Revaluation

Accumulated depreciation

Inventory)

Land and buildings

Infrastructure

Appendix B

June 2010

Analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation

Accumulated depreciation

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	790 011 070	434 239 822	(1 791 286)	(37 008 293)	-	-	1 185 451 313	-	-	-	(7 154 761)	-	(7 154 761)	1 178 296 552
	2 773 649 489	487 110 197	(1 791 286)	(37 008 293)	-	-	3 221 960 107	-	-	-	(103 048 602)	-	(103 048 602)	3 118 911 505
Total														
Land and buildings	14 423 981	6 473 417	-	-	-	-	20 897 398	-	-	-	(732 204)	-	(732 204)	20 165 194
Infrastructure	1 938 476 645	46 396 958	-	-	-	-	1 984 873 603	-	-	-	(90 606 984)	-	(90 606 984)	1 894 266 619
Community Assets	30 737 793	-	-	-	-	-	30 737 793	-	-	-	(4 554 653)	-	(4 554 653)	26 183 140

Appendix B

June 2010

Analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation

Accumulated depreciation

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	790 011 070	434 239 822	(1 791 286)	(37 008 293)	-	-	1 185 451 313	-	-	-	(7 154 761)	-	(7 154 761)	1 178 296 552
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

June 2010

Analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation							Accumulated depreciation						
Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 773 649 489	487 110 197	(1 791 286)	(37 008 293)	-	-	3 221 960 107	-	-	-	(103 048 602)	-	(103 048 602)	3 118 911 505

The supplementary information presented does not form part of the annual financial statements and is unaudited

Appendix C

June 2010

Segmental analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation

Accumulated Depreciation

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment deficit	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Municipality														
Executive & Council/Mayor and Council	14 423 981	6 473 417	-	-	-	-	20 897 398	-	-	-	(732 204)	-	(732 204)	20 165 194
Finance & Admin/Finance	18 009 182	18 787 080	(1 791 286)	-	-	-	35 004 976	-	-	-	(7 154 761)	-	(7 154 761)	27 850 215
Planning and Development/Economic Development/Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health/Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comm. & Social/Libraries and archives	30 737 793	-	-	-	-	-	30 737 793	-	-	-	(4 554 653)	-	(4 554 653)	26 183 140
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety/Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Protection/Pollution Control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Water Management/Sewerage	127 054 595	-	-	-	-	-	127 054 595	-	-	-	(3 706 575)	-	(3 706 575)	123 348 020	
Road Transport/Roads	917 366 665	46 396 958	-	-	-	-	963 763 623	-	-	-	(57 764 548)	-	(57 764 548)	905 999 075	
Water/Water Distribution	894 055 384	-	-	-	-	-	894 055 384	-	-	-	(29 135 861)	-	(29 135 861)	864 919 523	
Electricity /Electricity Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other/Air Transport	772 001 889	415 452 742	-	(37 008 293)	-	-	1 150 446 338	-	-	-	-	-	-	1 150 446 338	
	2 773 649 489	487 110 197	(1 791 286)	(37 008 293)	-	-	3 221 960 107	-	-	-	(103 048 602)	-	(103 048 602)	3 118 911 505	

Municipal Owned Entities

-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Total

Municipality	2 773 649 489	487 110 197	(1 791 286)	(37 008 293)	-	-	3 221 960 107	-	-	-	(103 048 602)	-	(103 048 602)	3 118 911 505
Municipal Owned Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix C

June 2010

Segmental analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation							Accumulated Depreciation						
Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment deficit	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 773 649 489	487 110 197	(1 791 286)	(37 008 293)	-	-	3 221 960 107	-	-	-	(103 048 602)	-	(103 048 602)	3 118 911 505

Appendix D: Segmental Statement of Financial Performance

Appendix D

June 2010

Segmental Statement of Financial Performance for the year ended

Prior Year

Current Year

Actual
Income

Actual
Expenditure

Surplus
/(Deficit)

Rand

Rand

Rand

Actual
Income

Actual
Expenditure

Surplus
/(Deficit)

Rand

Rand

Rand

Municipality

589 100 627	145 980 329	443 120 298	Executive & Council/Mayor and Council	523 025 796	177 687 257	345 338 539
-	32 525 109	(32 525 109)	Finance & Admin/Finance	-	46 000 492	(46 000 492)
-	14 414 393	(14 414 393)	Planning and Development/Economic Development/Plan	-	14 592 827	(14 592 827)
-	3 004 193	(3 004 193)	Health/Clinics	-	(6 750)	6 750
-	852 448	(852 448)	Comm. & Social/Libraries and archives	-	24 643 875	(24 643 875)
-	-	-	Housing	-	-	-
-	9 048 271	(9 048 271)	Public Safety/Police	-	(5 415)	5 415
-	1 601 329	(1 601 329)	Sport and Recreation	-	(34 300)	34 300
-	-	-	Environmental Protection/Pollution Control	-	-	-
-	-	-	Waste Water Management/Sewerage	-	-	-
-	10 989 759	(10 989 759)	Road Transport/Roads	-	21 198 340	(21 198 340)
974 865	180 344 208	(179 369 343)	Water/Water Distribution)	599 672	262 869 107	(262 269 435)
-	-	-	Electricity /Electricity Distribution	-	-	-
-	-	-	Other/Air Transport	-	-	-

-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
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-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

590 075 492 398 760 039 191 315 453

523 625 468 546 945 433 (23 319 965)

Municipal Owned Entities

-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Other charges

-	-	-	-	-	-
-	-	-	-	-	-

-	-	-	-	-	-	-
-	-	-	-	-	-	-

590 075 492 398 760 039 191 315 453 Municipality

523 625 468 546 945 433 (23 319 965)

-	-	-	Municipal Owned Entities	-	-	-
-	-	-	Other charges	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-

Appendix D

June 2010

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income	Actual Expenditure	Surplus /(Deficit)		Actual Income	Actual Expenditure	Surplus /(Deficit)
Rand	Rand	Rand	Rand	Rand	Rand	Rand
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
590 075 492	398 760 039	191 315 453	Total	523 625 468	546 945 433	(23 319 965)

Sekhukhune District

Annual Financial Statements for the year ended 30 June 2010

Supplementary information

Appendix E(1): Actual versus Budget (Revenue and Expenditure)

The supplementary information presented does not form part of the annual financial statements and is unaudited

Sekhukhune District

Appendix E(1)

June 2010

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2010	Current year 2010	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.	Adjusted budget			
	R'000	R'000	R'000	Var	
Revenue					
Service charges	1 261	1 200	61	5,1	Increase in registration of new consumers
Government grants & subsidies	501 802	745 366	(243 564)	(32,7)	addition of unspent grants to budgeted as per allocation
Other income 1	1 191	380	811	213,4	increase in sale of tender documents and registration of suppliers to supplier database
Interest received - investment	18 747	39 000	(20 253)	(51,9)	increase interest rates
	523 001	785 946	(262 945)	(33,5)	
Expenses					
Personnel	(137 226)	(135 682)	(1 544)	1,1	salary increase and appointments of new employees
Remuneration of councillors	(6 833)	(6 833)	-	-	

Depreciation	(101 244)	-	(101 244)	-	no budget allocated
Finance costs	(650)	(650)	-	-	
Debt impairment	(3 569)	(323)	(3 246)	1 005,0	
Collection costs	(1 850)	(1 850)	-	-	
Repairs and maintenance - General	(10 242)	(10 242)	-	-	
Bulk purchases	(63 893)	(17 006)	(46 887)	275,7	repayments of accrued expenses on bulk purchases_ Lepelle Northern Water
General Expenses	(222 221)	(213 587)	(8 634)	4,0	
	(547 728)	(386 173)	(161 555)	41,8	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	624	-	624	-	
	624	-	624	-	
Net surplus/ (deficit) for the year	(24 103)	399 773	(423 876)	(106,0)	

Sekhukhune District

Annual Financial Statements for the year ended 30 June 2010

Supplementary information

Appendix F: Disclosure of grants and subsidies in terms of the Municipal Finance Management Act

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2010

Name of Grants	Name of or	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay	Did your r	Reason for noncompliance
		Dec	Mar	Jun	Sep	Sep	Dec	Mar	Jun	Sep	Jun	Dec	Mar	Jun	Sep	Jun		Yes/ No	
MIG		10 600	26 000	72 521	65 000	-	35 543	29 107	43 538	61 656	-	-	-	-	-	-		Yes	
DWAF Infrastructure		-	-	-	-	-	-	34 538	(2 415)	6 413	-	-	-	-	-	-		Yes	
DWAF Refurbishment		-	10 000	-	-	-	25	685	11 846	3 535	-	-	-	-	-	-		Yes	
Finance management grant		1 500	-	-	-	-	49	10	56	859	-	-	-	-	-	-		Yes	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
DWAF MASIBAMBANE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
LED Agric Process		-	-	-	585 743	-	289 023	157 407	462 507	921 380	-	-	-	-	-	-		Yes	
equitable		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

share																		
Umsobomvu Youth Fund	-	-	-	-	-	228 957	58 986	-	-	-	-	-	-	-	-	-	-	Yes
CBPWP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transport Review Plan	-	-	-	-	-	66 705	-	-	-	-	-	-	-	-	-	-	-	Yes
DWAF O & M	-	14 371 000	28 149 000	9 995 000	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	12 100 000	14 407 000	28 221 521	10 645 743	-	620 302	280 733	515 532	993 843	-	-	-	-	-	-	-	-	

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.